08-1267

NEW ISSUE — BOOK-ENTRY ONLY **RATINGS:**

Insured: **Aa2/AAA**
Underlying: **A2/A+**

(See "**BOND INSURANCE**" and "**MISCELLANEOUS — Ratings**" herein).

*In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "**LEGAL MATTERS — Tax Matters**" herein.*

$9,340,000
ANTIOCH UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds (School Facilities Improvement District No. 1)
Election of 2008, Series A
(Bank Qualified)

AUSD

Dated: Date of Delivery **Due: August 1, as shown on the inside front cover**

The Antioch Unified School District General Obligation Bonds (School Facilities Improvement District No. 1) Election of 2008, Series A (the "Bonds") are issued by the Antioch Unified School District (the "District"), and the Board of Supervisors of Contra Costa County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the School Facilities Improvement District No. 1 (the "SFID") within the District (except certain personal property which is taxable at limited rates), for the payment of interest on, and principal of, the Bonds, all as more fully described herein under "**THE BONDS**" and "***AD VALOREM* PROPERTY TAXATION**."

Interest on the Bonds is payable semiannually on each February 1 and August 1 commencing August 1, 2009. The Bonds, when delivered, will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds as described herein under "**THE BONDS — Book-Entry System.**"

The Bonds due on or before August 1, 2027, are not subject to optional redemption; the Bonds due on and after August 1, 2028, are subject to optional redemption as described herein under "**THE BONDS — Redemption.**"

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY CORP.**

ASSURED GUARANTY

The following firm, serving as financial advisor to the District, has structured this financing:

KNN public finance
A Division of Zions First National Bank

MATURITY SCHEDULE
(on inside front cover)

The Bonds will be offered when, as and if issued by the District and received by E. J. De La Rosa & Co., Inc., the Underwriter, subject to the approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York, on or about December 30, 2008.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

Official Statement Date: December 10, 2008

DE LA ROSA & CO.
INVESTMENT BANKERS

MATURITY SCHEDULE
(Base CUSIP[1]: 037105)

Maturity (August 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP[1]
2025	$1,090,000	6.375%	5.150%	HL 0
2026	1,200,000	6.375	5.250	HM 8
2027	1,250,000	6.375	5.300	HN 6
2028	1,300,000	5.750	5.200*	HP 1
2029	1,500,000	5.750	5.250*	HQ 9

$3,000,000 5.750% Term Bonds Due August 1, 2033, Priced to Yield 5.350%* [CUSIP[1] HR 7]

*Priced to the August 1, 2018, call date @ 100%

No dealer, broker, salesperson or other person has been authorized by the Antioch Unified School District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The summaries and descriptions of documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such document, statute and constitutional provision.

The information set forth herein, other than that provided by the District, has been obtained from sources which the District believes to be reliable, but is not guaranteed as to accuracy or completeness, and its inclusion herein is not to be taken as a representation of such by the District or the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE PRICES OF THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER SUCH BONDS ARE RELEASED FOR SALE AND SUCH BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES FOR SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading "BOND INSURANCE" and "APPENDIX E - SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY".

ANTIOCH UNIFIED SCHOOL DISTRICT

Board of Education

Walter Ruehlig
President

Claire Smith
Vice President

(Vacant)
Member

Diane Gibson-Gray
Member

Teri Lynn Shaw
Member

District Administration

Deborah Sims, Ed.D.
Superintendent

Denise Porterfield
Chief Business Official

Tim Forrester
Director of Facilities

PROFESSIONAL SERVICES

Financial Advisor

KNN Public Finance
A Division of Zions First National Bank
Oakland, California

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Paying Agent

The Bank of New York Mellon Trust Company, N.A.
San Francisco, CA

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OFFICIAL STATEMENT

$9,340,000
ANTIOCH UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)
General Obligation Bonds (School Facilities Improvement District No. 1)
Election of 2008, Series A
(Bank Qualified)

INTRODUCTION

This introduction is not a summary of this official statement (the "Official Statement"). It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement, which includes the cover page and appendices hereto, is provided to furnish information in connection with the sale of $9,340,000 principal amount of Antioch Unified School District (Contra Costa County, California), General Obligation Bonds (School Facilities Improvement District No. 1) Election of 2008, Series A (the "Bonds"), as described more fully herein.

The District

The Antioch Unified School District (the "District") provides educational services to the residents of the City of Antioch (the "City"), in the County of Contra Costa (the "County"), in the State of California (the "State") approximately 35 miles northeast of Oakland. The District encompasses a total area of approximately 41 square miles and provides educational services to the residents of the City of Antioch, plus a portion of surrounding unincorporated areas in Contra Costa County. More detailed information regarding the area served by the District and the student population of the District may be found under "**DISTRICT INFORMATION**," "**DISTRICT TAX BASE INFORMATION**," and "**ECONOMIC PROFILE**" herein.

Sources of Payment for the Bonds

The Bonds are issued by the District, and the Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), and in particular, the School Facilities Improvement District No. 1, as necessary for payment of interest on and principal of the Bonds. See **"THE BONDS — Security and Sources of Payment," "*AD VALOREM* PROPERTY TAXATION"** and **"DISTRICT TAX BASE INFORMATION"** herein.

School Facilities Improvement District No. 1

School Facilities District No. 1 (the "SFID") is an area located within the Antioch Unified School District, encompassing approximately 60% of the District (per assessed value), and specifically created as a separate tax area for purposes of approving and repaying general obligation bonds. The voters of the SFID approved the authorization of a $61.6 million school bond to address critical facility needs of the schools in the SFID.

Purpose of the Bonds

The proceeds of the Bonds are authorized to be used for critical renovation and modernization needs at schools within the SFID that have served Antioch for more than forty years, replace aging roofs, aging plumbing, old heating and air conditioning units with energy efficient systems, upgrade restrooms, electrical systems, renovate and expand libraries.

The Bonds will provide funds for facilities improvements at the following schools within the SFID: Belshaw, Fremont, Kimball, Marsh, Mission, Muir, Sutter, Turner, Antioch Middle, Park Middle, Bidwell, Live Oak, Prospects and Antioch High School.

Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Corp. See **"BOND INSURANCE"** herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Education Code (the "Education Code") and other applicable law, and pursuant to resolutions adopted by the Board of Education of the District. See "**THE BONDS — Authority for Issuance**" herein.'

Description of the Bonds

The Bonds will be issued as current interest bonds without coupons in denominations of $5,000 each, or any integral multiple thereof and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined herein) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined herein) will be the responsibility of the DTC Participants, as more fully described hereinafter. See "**THE BONDS — Description of the Bonds; Book-Entry System**" and "**—Payment to Holders**" herein.

The Bonds will bear interest semiannually each February 1 and August 1, commencing August 1, 2009, from the date of delivery, calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of the Bonds will be paid, subject to any optional redemption, on the dates and in the amounts set forth on the cover page hereof. See "**THE BONDS**" herein.

The Bonds maturing on and after August 1, 2028, may be redeemed prior to maturity at the option of the District beginning on August 1, 2018, as described under "**THE BONDS — Redemption**" herein.

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "**LEGAL MATTERS — Tax Matters**" herein.

Bank Qualified

The Bonds are designated by the District to be "bank qualified" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986. See "**LEGAL MATTERS — Bank Qualification**" herein.

Professionals Involved in the Offering

With respect to the Bonds, KNN Public Finance, A Division of Zions First National Bank, Oakland, California, is the District's financial advisor (the "Financial Advisor") (see "**MISCELLANEOUS — Financial Advisor**" herein) and Jones Hall, A Professional Law Corporation, San Francisco, California, is the District's bond counsel (the "Bond Counsel"). The Bank of New York Mellon Trust Company, N.A., San Francisco, California, will act on behalf of the County as paying agent, registrar and transfer agent (the "Paying Agent") with respect to the Bonds. The Financial Advisor, Bond Counsel, and Paying Agent will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Offering and Delivery of the Bonds

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York on or about December 30, 2008.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide notices of the occurrence of certain enumerated events, if material. See "**MISCELLANEOUS — Continuing Disclosure**" herein.

Copies of documents referred to herein and information concerning the Bonds are available from the Antioch Unified School District, Business Office, 510 'G' Street, Antioch, California 94509 telephone: 925-776-2022. The District may impose a charge for copying, mailing and handling.

END OF INTRODUCTION

THE BONDS

Authority for Issuance

The Bonds are issued under the provisions of Government Chapter 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State (the "Education Code") and other applicable law, and pursuant to resolutions adopted by the Board of Education of the District on November 12, 2008 (the "District Resolution"), and by the Board of Supervisors of the County on December 9, 2008 (the "County Resolution" and together with the District Resolution, the "Resolution").

The District received authorization to issue $61,600,000 of bonds at an election held on June 3, 2008, by an affirmative vote of 62.47 % of the votes cast within the SFID (the "Authorization"). A 55% vote in favor was the minimum required. The Bonds represent the first series issued under the Authorization.

Purpose of Issue

The proceeds of the Bonds are authorized to be used for critical renovation and modernization needs at schools within the SFID that have served Antioch for more than forty years, replace aging roofs, aging plumbing, old heating and air conditioning units with energy efficient systems, upgrade restrooms, electrical systems, renovate and expand libraries.

Estimated Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows.

ANTIOCH UNIFIED SCHOOL DISTRICT
Estimated Sources And Uses Of Funds

Sources of Funds	
Principal Amount of Bonds	$9,340,000.00
Original Issue Premium	657,039.90
Total Sources	$9,997,039.90
Uses of Funds	
Deposit to Building Fund for Project Costs	$9,340,000.00
Deposit to Debt Service Fund	327,738.68
Underwriter's Compensation	88,730.00
Costs of Issuance[a]	240,571.22
Total Uses	$9,997,039.90

[a] Includes estimated fees for bond insurance, Financial Advisor, Bond Counsel, rating agency, printing and distribution of official statement, Paying Agent, and miscellaneous costs of issuance.

Investment of Bond Proceeds

The proceeds from the sale of the Bonds, to the extent of the principal amount thereof, will be deposited in the treasury of the County to the credit of the SFID account within the building fund of the District (the "SFID Building Fund") and will be accounted for separately from all other District and County funds, but may be commingled with the proceeds of sale of other bonds of the District deposited in the SFID Building Fund and authorized to be used for the same purpose. The proceeds may be used only for the purposes for which the Bonds are authorized. Any premium received from the sale of the Bonds will be deposited in the interest and sinking fund of the District (the "Debt Service Fund") and used only for payments of principal of and interest on the Bonds. Interest earned on the investment of monies held in the Debt Service Fund will be retained in the Debt Service Fund. Interest earned on the investment of monies held in the SFID Building Fund will be retained in the SFID Building Fund.

Monies held in the SFID Building Fund will be invested by the County in any one or more investments generally permitted to school districts under the laws of the State, consistent with the investment policy of the County and the Resolution (the "SFID Building Fund Permitted Investments"). The SFID Building Fund Permitted Investments specifically include: (a) the County Pooled Investment Fund and (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the Treasurer of the State; (ii) other investments permitted under section 53601 of the California Government Code; and (iii) investment agreements with financial institutions with senior unsecured credit ratings in one of the two highest rating categories (without regard to any refinement or gradation of such rating category by a plus or minus or a numeral) from one or more nationally recognized statistical rating organization then rating the Bonds. In regard to any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above, the County may decline the request of the District upon any reasonable basis, including, specifically, any concerns of the County regarding the legality, structure or appropriateness of the investment vehicle generally or the process proposed for the bidding or the execution of the investment. Consent by the County to a request by the District to use any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above shall in no way imply any endorsement by the County of such investment and the County assumes no liability for the results of such investment or of the provider thereof. Moneys held in the Debt Service Fund will be invested by the County in the County Pooled Investment Fund. See "**GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — County Investment Pool**" herein and "**APPENDIX D —CONTRA COSTA COUNTY INVESTMENT PORTFOLIO REPORT.**"

Security and Sources of Payment

The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, as necessary for payment of interest on and principal of the Bonds, upon all property within the SFID (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be placed by the County in the Debt Service Fund.

The rate of the *ad valorem* tax will be set annually by the County based on the assessed value of taxable property in the SFID and the debt service requirement on the outstanding bonds in each year. Variation in the annual debt service requirement and changes in assessed valuation within the SFID may cause the annual tax rate to change from year to year. For further information regarding *ad valorem* property taxation in general, see "***AD VALOREM* PROPERTY TAXATION**" and within the District in particular, see "**DISTRICT TAX BASE INFORMATION**" herein.

Description of the Bonds

The Bonds in the aggregate principal amount of $9,340,000 will be dated December 30, 2008, and will bear interest payable semiannually each February 1 and August 1 (each an "Interest Payment Date"), commencing August 1, 2009, at the interest rates shown on the cover hereof. The Bonds will mature on August 1 in each of the years and in the principal amounts shown on the cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond authenticated on or before July 15, 2009, will bear interest from the date of the Bonds. Each Bond authenticated during the period between the 15th day of the month preceding any Interest Payment Date (the "Record Date") and that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If a Payment Date does not fall on a business day, the interest, principal or redemption payment due on such Payment Date will be paid on the next business day.

The Bonds will be issued in the denomination of $5,000 principal amount each or any integral multiple thereof. The Bonds when issued will be registered in the name of Cede & Co., as registered owner and nominee of DTC. So long as DTC, or Cede & Co., as its nominee, is the registered owner of all the Bonds, principal and interest payments on the Bonds will be made directly to DTC, and disbursement of such payments to the DTC Participants (defined below) will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners (defined below) will be the responsibility of the DTC Participants, as more fully described below under "**Book-Entry System**." Only if the Bonds should cease to be paid through a book-entry system would the Paying Agent make payments on the Bonds directly to Beneficial Owners, as registered owners of the Bonds, as more fully described below under "**Payment to Holders**."

Book-Entry System

The information in this section concerning DTC and DTC's book-entry system has been furnished by DTC for use in disclosure documents, and the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC will distribute to Direct Participants, or that Direct Participants or Indirect Participants will distribute to the Beneficial Owners, payments of principal of, interest, and premium, if any, on the Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the District nor the County nor the Paying Agent are responsible or liable for the failure of DTC or any Direct or Indirect Participant to make any payments or give any notice to a Beneficial Owner or any error or delay relating thereto. Accordingly, no representations can be made concerning these matters and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer or paying agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, the District or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Payment to Holders

The following provisions governing the payment, transfer and exchange of the Bonds apply to holders of the Bonds. As long as the DTC book-entry system described above is in effect, Cede & Co., or such other nominee of DTC, but not the Beneficial Owners, are holders of the Bonds. Only in the event that Bonds are printed and delivered to the Beneficial Owners do these provisions then apply directly to Beneficial Owners as holders of the Bonds.

Principal of the Bonds and any premium upon the redemption thereof prior to the maturity will be payable upon presentation and surrender of the Bonds at the principal corporate trust office of the Paying Agent, or such other location as the Paying Agent may specify. Interest shall be paid by check to the owner of any Bond at the address of such owner shown on the registration books of the Paying Agent, or at such other address the owner of the Bond has filed with the Paying Agent for such purpose on or before the Record Date. Owners of not less than $1,000,000 in principal amount of Bonds may, by written request received by the Paying Agent not later than the Record Date immediately preceding any Interest Payment Date, have interest payments made on the date due by wire transfer to an account maintained in the United States of America in immediately available funds.

Any Bond may be exchanged for Bonds of any authorized denominations of the same maturity and interest rate upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at the principal corporate trust office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the designated District official shall execute, and the Paying Agent shall authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the registered owner or by a person legally empowered to do so, equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

The Paying Agent will not be required to exchange or transfer any Bond during the period from the close of business on the applicable Record Date next preceding any Interest Payment Date or redemption date, to and including such Interest Payment Date or redemption date.

Debt Service

Semi-annual debt service obligations for the Bonds, assuming that no optional redemptions are made, are as follows:

ANTIOCH UNIFIED SCHOOL DISTRICT
Semi-annual Debt Service

	The Bonds			Annual
Payment Date	Principal	Interest	Total	Debt Service
8/1/2009		$ 327,738.68	$ 327,738.68	$ 327,738.68
2/1/2010		279,587.50	279,587.50	
8/1/2010		279,587.50	279,587.50	559,175.00
2/1/2011		279,587.50	279,587.50	
8/1/2011		279,587.50	279,587.50	559,175.00
2/1/2012		279,587.50	279,587.50	
8/1/2012		279,587.50	279,587.50	559,175.00
2/1/2013		279,587.50	279,587.50	
8/1/2013		279,587.50	279,587.50	559,175.00
2/1/2014		279,587.50	279,587.50	
8/1/2014		279,587.50	279,587.50	559,175.00
2/1/2015		279,587.50	279,587.50	
8/1/2015		279,587.50	279,587.50	559,175.00
2/1/2016		279,587.50	279,587.50	
8/1/2016		279,587.50	279,587.50	559,175.00
2/1/2017		279,587.50	279,587.50	
8/1/2017		279,587.50	279,587.50	559,175.00
2/1/2018		279,587.50	279,587.50	
8/1/2018		279,587.50	279,587.50	559,175.00
2/1/2019		279,587.50	279,587.50	
8/1/2019		279,587.50	279,587.50	559,175.00
2/1/2020		279,587.50	279,587.50	
8/1/2020		279,587.50	279,587.50	559,175.00
2/1/2021		279,587.50	279,587.50	
8/1/2021		279,587.50	279,587.50	559,175.00
2/1/2022		279,587.50	279,587.50	
8/1/2022		279,587.50	279,587.50	559,175.00
2/1/2023		279,587.50	279,587.50	
8/1/2023		279,587.50	279,587.50	559,175.00
2/1/2024		279,587.50	279,587.50	
8/1/2024		279,587.50	279,587.50	559,175.00
2/1/2025		279,587.50	279,587.50	
8/1/2025	$ 1,090,000.	279,587.50	1,369,587.50	1,649,175.00
2/1/2026		244,843.75	244,843.75	
8/1/2026	1,200,000.	244,843.75	1,444,843.75	1,689,687.50
2/1/2027		206,593.75	206,593.75	
8/1/2027	1,250,000.	206,593.75	1,456,593.75	1,663,187.50
2/1/2028		166,750.00	166,750.00	
8/1/2028	1,300,000.	166,750.00	1,466,750.00	1,633,500.00
2/1/2029		129,375.00	129,375.00	
8/1/2029	1,500,000.	129,375.00	1,629,375.00	1,758,750.00
2/1/2030		86,250.00	86,250.00	
8/1/2030	2,415,000.	86,250.00	2,501,250.00	2,587,500.00
2/1/2031		16,818.75	16,818.75	
8/1/2031	185,000.	16,818.75	201,818.75	218,637.50
2/1/2032		11,500.00	11,500.00	
8/1/2032	195,000.	11,500.00	206,500.00	218,000.00
2/1/2033		5,893.75	5,893.75	
8/1/2033	205,000.	5,893.75	210,893.75	216,787.50
TOTAL	$9,340,000.	$11,010,588.68	$20,350,588.68	$20,350,588.68

Source: The District.

Redemption

Optional Redemption

The Bonds maturing on or before August 1, 2027, are not subject to optional redemption. Bonds maturing on and after August 1, 2028, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2018, with no prepayment premium (at 100%). If less than all of the Bonds are called for redemption, such Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed shall be determined by lot.

Mandatory Sinking Fund Redemption

Term Bonds maturing on August 1, 2033, shall be subject to redemption prior to their stated maturity, in part by lot, from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium, together with interest accrued thereon to the date fixed for redemption:

Redemption Date	Principal Amount
August 1, 2030	$2,415,000
August 1, 2031	185,000
August 1, 2032	195,000
August 1, 2033*	205,000
Total	$3,000,000

*Maturity

The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Notice of Redemption

Notice of redemption will be given by the Paying Agent at the expense of the District. Such notice will specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and maturity date. Such notice of redemption will also state that the Bonds, along with the interest accrued to such date and the redemption premium, if any, will become due and payable on the specified date, and that from and after such date interest with respect to the Bonds will cease to accrue.

Notice of redemption will be by first class, postage prepaid, to (a) the original purchaser of the Bonds, (b) a registered municipal securities depository, and (c) a national information service that disseminates securities redemption notices. Notice of redemption will be at least thirty days, but not more than sixty days, prior to the redemption date. Neither failure to receive such notice nor any defect in the content of such notice will affect the sufficiency of the proceeding for the redemption of the Bonds.

BOND INSURANCE

The following information is not complete and reference is made to **Appendix E** for a specimen of the financial guaranty insurance policy (the "Policy") of Assured Guaranty Corp. ("Assured Guaranty" or the "Insurer").

The Insurance Policy

Assured Guaranty has made a commitment to issue the Policy relating to the Bonds, effective as of the date of issuance of such Bonds. Under the terms of the Policy, Assured Guaranty will unconditionally and irrevocably guarantee to pay that portion of principal of and interest on the Bonds that becomes Due for Payment but shall be unpaid by reason of Nonpayment (the "Insured Payments"). Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. The Policy is non-cancelable for any reason, including without limitation the non-payment of premium.

"Due for Payment" means, when referring to the principal of the Bonds, the stated maturity date thereof, or the date on which such Bonds shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and, when referring to interest on such Bonds, means the stated dates for payment of interest.

"Nonpayment" means the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on the Bonds. It is further understood that the term Nonpayment in respect of a Bond also includes any amount previously distributed to the Holder (as such term is defined in the Policy) of such Bond in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. Nonpayment does not include nonpayment of principal or interest caused by the failure of the Trustee or the Paying Agent to pay such amount when due and payable.

Assured Guaranty will pay each portion of an Insured Payment that is Due for Payment and unpaid by reason of Nonpayment, on the later to occur of (i) the date such principal or interest becomes Due for Payment, or (ii) the business day next following the day on which Assured Guaranty shall have received a completed notice of Nonpayment therefor in accordance with the terms of the Policy.

Assured Guaranty shall be fully subrogated to the rights of the Holders of the Bonds to receive payments in respect of the Insured Payments to the extent of any payment by Assured Guaranty under the Policy.

The Policy is not covered by any insurance or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Insurer

Assured Guaranty Corp. ("Assured Guaranty") is a Maryland-domiciled insurance company regulated by the Maryland Insurance Administration and licensed to conduct financial guaranty insurance business in all fifty states of the United States, the District of Columbia and Puerto Rico. Assured Guaranty commenced operations in 1988. Assured Guaranty is a wholly owned, indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. Neither AGL nor any of its shareholders is obligated to pay any debts of Assured Guaranty or any claims under any insurance policy issued by Assured Guaranty.

Assured Guaranty is subject to insurance laws and regulations in Maryland and in New York (and in other jurisdictions in which it is licensed) that, among other things, (i) limit Assured Guaranty's business to financial guaranty insurance and related lines, (ii) prescribe minimum solvency requirements, including capital and surplus requirements, (iii) limit classes and concentrations of investments, (iv) regulate the amount of both the aggregate and individual risks that may be insured, (v) limit the payment of dividends by Assured Guaranty, (vi) require the maintenance of contingency reserves, and (vii) govern changes in control and transactions among affiliates. Certain state laws to which Assured Guaranty is subject also require the approval of policy rates and forms.

Assured Guaranty's financial strength is rated "AAA" (stable) by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"), "AAA" (stable) by Fitch, Inc. ("Fitch") and "Aa2" (stable) by Moody's Investors Service, Inc. ("Moody's"). Each rating of Assured Guaranty should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Assured Guaranty. Assured Guaranty does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

Recent Developments

Agreement to Acquire FSA

On November 14, 2008, AGL announced that it had entered into a definitive agreement with Dexia SA to purchase Financial Security Assurance Holdings Ltd. ("FSA"), the parent of financial guaranty insurance company, Financial Security Assurance, Inc. For more information regarding the proposed acquisition by AGL of FSA, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on November 17, 2008.

Ratings

On July 21, 2008, Moody's issued a press release stating that it had placed under review for possible downgrade the "Aaa" insurance financial strength rating of Assured Guaranty. In a press release dated November 14, 2008, Moody's responded to AGL's announcement of its agreement to acquire FSA, stating that "the potential impact of the proposed transaction on the ratings of Assured Guaranty and FSA will be considered in the context of its ongoing rating reviews of both companies; those reviews are now expected to conclude in the near term." Reference is made to the press releases for the complete text of Moody's comments; copies of such documents are available at www.moodys.com.

On November 21, 2008, Moody's issued a press release announcing that it had downgraded the insurance financial strength rating of Assured Guaranty to "Aa2" from "Aaa" and that the status of Assured Guaranty's insurance financial strength rating had been changed to "outlook stable" from "on review for possible downgrade." In the release, Moody's stated that "Today's rating action concludes a review for possible downgrade that was initiated on July 21, 2008, and primarily reflects Moody's updated views on Assured's exposure to weakness inherent in the financial guaranty business model. The outlook for the ratings is stable, and the announced acquisition of FSA's financial guaranty business is not expected to have a meaningful impact on the credit profile of [Assured Guaranty].... The rating agency added that the acquisition of FSA by [AGL] will, if completed as planned, create a combined entity with substantial financial resources and a strong market position." Reference is made to such release for the complete text of Moody's comments; a copy of such document is available at www.moodys.com.

Assured Guaranty's "AAA" (stable) financial strength ratings by S&P and by Fitch were affirmed on June 18, 2008 and December 12, 2007, respectively. On November 14, 2008, Fitch issued a press release responding to AGL's announcement of its agreement to acquire FSA, indicating that they do not expect the acquisition, as presented, to have a negative impact on Assured Guaranty's rating. Reference is made to the press release for the complete text of Fitch's comments; a copy of such press release is available at www.fitchratings.com. On November 17, 2008, S&P issued a press release responding to AGL's announcement of its agreement to acquire FSA, stating that the agreement "appears to pose limited rating risk" for Assured Guaranty. Reference is made to the press release for the complete text of S&P's comments; a copy of such press release is available at www.ratingsdirect.com. There can be no assurance as to what impact, if any, Moody's downgrade or the proposed acquisition will have on the company's financial strength ratings from Fitch or S&P.

For more information regarding Assured Guaranty's insurance financial strength ratings, see AGL's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 (which was filed by AGL with the SEC on November 7, 2008).

Capitalization of Assured Guaranty Corp.

As of September 30, 2008, Assured Guaranty had total admitted assets of $1,767,134,629 (unaudited), total liabilities of $1,341,373,221 (unaudited), total surplus of $425,761,408 (unaudited) and total statutory capital (surplus plus contingency reserves) of $1,106,199,863 (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, Assured Guaranty had total admitted assets of $1,361,538,502 (audited), total liabilities of $961,967,238 (audited), total surplus of $399,571,264 (audited) and total statutory capital (surplus plus contingency reserves) of $982,045,695 (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. The Maryland Insurance Administration recognizes only statutory accounting practices for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Maryland Insurance Code, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. No consideration is given by the Maryland Insurance Administration to financial statements prepared in accordance with accounting principles generally accepted in the United States in making such determinations.

Incorporation of Certain Documents by Reference

The portions of the following documents relating to Assured Guaranty are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- The Annual Report on Form 10-K of AGL for the fiscal year ended December 31, 2007 (which was filed by AGL with the SEC on February 29, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2008 (which was filed by AGL with the SEC on May 9, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008 (which was filed by AGL with the SEC on August 8, 2008);
- The Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 (which was filed by AGL with the SEC on November 7, 2008); and
- The Current Reports on Form 8-K filed by AGL with the SEC, as they relate to Assured Guaranty.

All consolidated financial statements of Assured Guaranty and all other information relating to Assured Guaranty included in documents filed by AGL with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such consolidated financial statements.

Any statement contained in a document incorporated herein by reference or contained herein under the heading **"BOND INSURANCE – The Insurer"** shall be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any subsequently filed document which is incorporated by reference herein also modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

Copies of the consolidated financial statements of Assured Guaranty incorporated by reference herein and of the statutory financial statements filed by Assured Guaranty with the Maryland Insurance Administration are available upon request by contacting Assured Guaranty at 1325 Avenue of the Americas, New York, New York 10019 or by calling Assured Guaranty at (212) 974-0100. In addition, the information regarding Assured Guaranty that is incorporated by reference in this Official Statement that has been filed by AGL with the SEC is available to the public over the Internet at the SEC's web site at *http://www.sec.gov* and at AGL's web site at *http://www.assuredguaranty.com*, from the SEC's Public Reference Room at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and at the office of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Assured Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, Assured Guaranty has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Assured Guaranty supplied by Assured Guaranty and presented under the heading **"BOND INSURANCE."**

RISKS RELATED TO INSURED BONDS

The long-term ratings on the Bonds reflects, in large part, the claims paying ability of the Insurer as assessed by Moody's and Standard & Poor's. Any number of factors are considered by such rating agencies in making their assessments, and such factors could change over time in such a way that results in the downgrading of the Bonds and of other bonds insured by the Insurer. Any downgrading of the Bonds based on a rating agency assessment of the claims paying ability of the Insurer could adversely affect the market price and marketability of the Bonds. The Insurer is under no contractual commitment that guarantees that the Bonds will continue to rated at their current level by Moody's or Standard & Poor's.

Furthermore, certain recent financial and economic developments have had a serious adverse impact on the both the financial condition and the credit ratings of a number of major municipal bond insurers. Such developments have been the subject of substantial discussion in thc financial press. In a number of cases, the claims paying ability of the applicable bond insurer has been downgraded below the level of the underlying rating of the unenhanced bond issue. In these cases, the rating agencies have assigned ratings to the bonds at the rating level that would have been assigned if the bonds based on the underlying credit without regard to bond insurance. Therefore, when making an investment decision with regard to the Bonds, prospective investors should look both to the ability of the District to pay principal and interest with respect to the Bonds and to the Insurer's ability to pay claims under the Insurance Policy in the event of non-payment by the District.

It should also be noted that neither the District nor the Underwriter has conducted a review of the business or affairs of the Insurer in connection with the delivery of the Bonds. No assurance can be given by the District or the Underwriter as to the Insurer's future ability to pay claims on the Insurance Policy nor of such Insurer's ability to maintain its current ratings. See **"BOND INSURANCE"** herein and **"APPENDIX E"** hereto for further information concerning the Insurer and the Insurance Policy, including instructions for obtaining certain financing information concerning the Insurer.

AD VALOREM PROPERTY TAXATION

The information in this section describes how ad valorem *property taxes in general are assessed and levied. For specific information on the property tax base, tax levies and collections in the District, see "DISTRICT TAX BASE INFORMATION" herein.*

County Services

School districts and other public agencies with property tax levies in the State all use the services of their county for the assessment of property values (certain utility and other classes of property are assessed by the State Board of Equalization; see **"—State Assessed Utility Property"** herein) and collection of property taxes and property assessments. All property taxes and assessments on property due all taxing agencies in each county generally are included on the same unified tax bill from the county to property owners twice each year, based on the same county administered tax rolls, whether general purpose property tax or specific *ad valorem* property tax for payment of general obligation bonds. In addition, for school district general obligation bonds, the county, not the school district, determines and levies each year's tax in an amount necessary to provide for payment of the school district's general obligation bond debt service. Property taxes collected are apportioned by each county according to purpose and taxing agency as prescribed by State law to that county and all school districts, special districts, cities and other agencies within that county with property tax levies. The amounts apportioned specifically for payment of school district general obligation bonds are retained by the county, and used to make the debt service payments on those bonds on behalf of the school district.

Assessed Valuation

All non-exempt property is assessed using full cash value as defined by Article XIIIA of the California Constitution (the "Constitution"). State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, provided that the owner files and qualifies for such exemption. The State is required to reimburse local agencies for the value of taxes on the exempt $7,000. State law also provides exemptions from *ad valorem* property taxation for certain classes of property based on ownership or use, such as household and personal effects intangible personal property (such as bank accounts, stocks and bonds), business inventories and real property used for religious, non-profit hospital, scientific and charitable purposes; the State does not reimburse local agencies for any tax not levied due to these exemptions. State and federal government property also is not taxed, nor is local government property located within the jurisdiction of that local government.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and other property having a tax lien on real property which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property comprises all other taxable property. Unsecured property is assessed on the "unsecured roll." Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer. Valuation of secured property and a statutory tax lien is established as of January 1 prior to the tax year (the tax year is from July 1 through June 30) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 1 of the tax year by the County Assessor. New property and improvements are assessed and added to a "supplemental" roll during the year acquired or when improvements are completed, and such property is taxed at the secured or unsecured rate then in effect, as appropriate, for the remaining portion of that year. The next year and thereafter such assets are assessed on the regular tax rolls.

Future growth in assessed valuation allowed under Article XIIIA is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

See **"DISTRICT TAX BASE INFORMATION"** herein for a history of assessed valuation and a list of the largest secured tax payers for the current tax year within the District.

State-Assessed Utility Property

The Constitution provides that the State Board of Equalization (the "SBE") rather than counties assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as "going concern" operating units, which may cross local tax jurisdiction boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as "unitary property." The SBE assesses property at "fair market value," determined by various methods and formulae depending on the nature of the property, except that certain railroad property is assessed at a specified percentage of the fair market value determined by the SBE, in conformity with federal law. The

SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE-assessed property is then levied and collected by each county in the same manner as county assessed property, but at special county-wide tax rates, and distributed to each taxing agency within that county, subject to certain adjustments, according to the approximate percentage allocated to each taxing agency in the prior year.

Ongoing changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may cause property that had been assessed by the SBE to be assessed locally instead. A change in property status from assessment by the SBE to assessment locally or the reverse may result in a change in property tax revenue received by local agencies and an adjustment in *ad valorem* tax rates and debt capacity for any local agency general obligation bonds.

Tax Levies, Collections and Delinquencies

Secured property tax rates are set annually by the first business day of September for the levy of property taxes in that tax year. The levy is payable in two equal installments due November 1 and February 1, and payments become delinquent if not postmarked or paid by end of the business day on December 10 and April 10, respectively. Taxes on unsecured property (personal property and leasehold interests) are levied at the preceding fiscal year's secured tax rate and have a due date set by each county effectively no earlier than July 1 and no later than July 31 of each year. Taxes on unsecured property become delinquent if not postmarked or paid by end of business day on August 31, or if added to the unsecured roll after July 31, become delinquent at the end of the month succeeding the month of enrollment.

A 10% penalty attaches to any delinquent payment for secured roll taxes, plus a charge of $10 if unpaid after April 10. In addition, property on the secured roll for which taxes are delinquent becomes tax-defaulted if not paid by June 30 of the same fiscal year. Such property may thereafter be redeemed by payment of (a) the delinquent taxes, (b) the 10% penalty, (c) the $10 charge, (d) an additional penalty of 1.5% per month from July 1 to the time of redemption and (e) a redemption fee of $15 per parcel, $5 of which goes to the State (collectively, the "Redemption Amount"). Properties may be redeemed under an installment plan of paying the Redemption Amount in five equal installments over a period of four years. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax defaulted. If taxes are unpaid five years after the property becomes tax defaulted or, if an installment plan is in place, at the end of an installment plan, the County can initiate a "power to sell" procedure for the County Tax Collector to sell the property at auction. Alternatively, in certain instances the County may institute a superior court action to foreclose the lien on delinquent property; if the lawsuit is successful, the delinquent property may be sold at a judicial foreclosure sale.

A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and after the last day of the second month after the 10% penalty attaches, an additional penalty of 1.5% per month begins to accrue and a lien is recorded against the assessee. The taxing authority may collect delinquent unsecured personal property taxes by: (a) a civil action against the taxpayer; (b) filing a certificate of delinquency in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; and (c) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Supplemental roll taxes are due on the date the bill is mailed. If the tax bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on December 10 of the same year and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on April 10 of the next year; if the bill is mailed within the months of November through June, the first installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the month following the month in which the bill is mailed and the second installment shall become delinquent at 5 p.m., or the end of the business day, whichever is later, on the last day of the fourth calendar month following the date the first installment is delinquent. A 10% penalty attaches to any delinquent payment for supplemental roll taxes.

All tax due dates and delinquency dates become the next business day if they fall on a day that is not a business day.

Teeter Plan

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, each participating local agency levying secured property taxes, including school districts, receives from its county the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%.

The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan also is applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county. The County does apply the Teeter Plan to secured tax levy collections for the bonds. See **"DISTRICT TAX BASE INFORMATION — Secured Tax Charges and Delinquencies"** herein for a history of property tax collections and delinquencies in the District.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS

The information in this section concerning certain provisions of Articles XIIIA, XIIIB, XIIIC and XIIID of the State constitution, Propositions 98 and 111 and certain other law is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. The tax for the District Bonds was approved in conformity with all applicable constitutional and statutory limitations. For specific financial information on the District, see ***"DISTRICT INFORMATION"*** *herein.*

Article XIIIA

Article XIIIA of the State constitution (the "Constitution") limits, subject to certain exceptions, the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA requires a vote of two-thirds of those voting in an election to impose *ad valorem* taxes, and, except to pay debt service on certain voter approved indebtedness, prohibits the imposition of any additional *ad valorem*, sales or transaction taxes on real property. Article XIIIA does permit *ad valorem* taxes to be levied in excess of the basic 1% tax limitation as required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, (b) on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on any bonded indebtedness approved by fifty-five percent of the votes cast by the voters of a school or community college district for the construction, reconstruction, rehabilitation or replacement of, including furnishing and equipping of, or the acquisition or lease of real property for, school facilities, provided that certain accountability and other requirements are satisfied. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues, while prohibiting the imposition by the State Legislature of any new *ad valorem*, sales or transaction taxes on real property.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax except to pay voter-approved indebtedness. The 1% property tax is automatically levied by each county in the State and distributed according to a formula among taxing agencies within that county. The formula apportions the tax roughly in proportion to the relative shares of taxes last levied prior to 1989.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims, if any, on tax increment and subject to changes in organization, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Article XIIIB

Article XIIIB of the Constitution, approved by voters in 1979 and subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State, to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population, for transfers in the financial responsibility for providing services and for certain declared emergencies (the "Gann limit"). As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per-capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues. For school districts, Article XIIIB constrains appropriations from State and local tax sources, but not federal aid or non-tax income, such as revenues from cafeteria sales or adult education fees.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two fiscal years. If a school district receives any proceeds of taxes in excess of its appropriations limit, it may increase its appropriations limit to equal that amount by taking the appropriations limit from the State.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the Constitution. See **"Propositions 98 and 111"** below.

Article XIIIB does not impact the ability of the County to levy and collect the property tax or pay debt service on the Bonds.

Propositions 98 and 111

On November 8, 1988 the voters approved Proposition 98, an initiative constitutional amendment and statute called "The Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the Education Code, Proposition 98 also amended Article XIIIB and Section 8 of Article XVI of the Constitution and added Section 8.5 of Article XVI to the Constitution, the effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the Constitution with respect to appropriations limitations and school funding priority and allocation.

Article XIIIB, as amended by both Proposition 98 and Proposition 111, is discussed above under "Article XIIIB."

The provisions of Sections 8 and 8.5 of Article XVI, as added to or amended by Propositions 98 and 111, may be summarized as follows:

(a) State Funding of Schools (Section 8). Monies to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests":

(I) The amount which, as a percentage of the State general fund revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of general fund revenues appropriated for school districts in fiscal year 1986/87;

(ii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita general fund revenues plus one-half of one percent);

(iii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita general fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita general fund revenues plus one-half of one percent).

If the third test is used in any year the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the general fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) Allocations to the State School Fund (Section 8.5). In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIIIB) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIIIB limitations and are to be made in an equal amount per enrollment.

Proposition 1A

Since fiscal year 1992/93 the State has satisfied a portion of its Proposition 98 obligations for revenue limit funding of school districts by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. At the November 2004 election State voters approved Proposition 1A, limiting the amount and frequency of such ERAF shifts of property tax revenue from other taxing agencies to school districts.

Under Proposition 1A, beginning in fiscal year 2008/09, the State will be able to divert no more than eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (a) the Governor declares such action to be necessary due to a State fiscal emergency; (b) two-thirds of both houses of the Legislature approve the action; (c) the amount diverted is required by statute to be repaid within three years; (d) the State does not owe to local agencies any repayment for past property tax or Vehicle License Fee diversions; and (e) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, the State will have to rely more heavily on State general fund moneys for Proposition 98 funding of school districts.

Propositions 57 and 58

On March 2, 2004 State voters passed Proposition 57, the California Economic Recovery Bond Act, authorizing the issuance by the State of up to $15 billion of bonds to finance the State's negative general fund balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The State has issued $10.896 billion Economic Recovery Bonds under this authorization. In the same election State voters passed Proposition 58, the Balanced Budget Amendment, requiring the State to adopt and maintain a balanced budget, establish a reserve and restrict future long-term deficit-related borrowing.

Articles XIIIC and XIIID

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect taxes, assessments, fees and charges. Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. The *ad valorem* property tax levied to pay debt service on the Bonds is a "special tax" approved by two-thirds of the District's voters in the manner required by Article XIIIC.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. In respect to school district general obligation bonds, the Constitution and laws of the State impose a mandatory duty on county tax collectors to levy a property tax sufficient to pay debt service on such bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of such bonds or to otherwise interfere with performance of the mandatory duty of a school district and its county with respect to such taxes which are pledged as security for payment of such bonds. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of, or consents to, any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Voter approved special taxes (including those levied pursuant to the Mello-Roos Community Facilities Act), "parcel taxes" and assessments levied pursuant to the Landscape and Lighting District Act of 1972 (among other assessments), that are not pledged to the payment of bonds, may be subject to reduction or repeal by voter initiative under the provisions of Article XIIIC.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect laws existing prior to enactment of Articles XIIIC and XIIID relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by a school district. By its terms, Article XIIID does not apply to *ad valorem* property tax of the type levied to pay debt service on the Bonds.

The interpretation and application of Article XIIIC and Article XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or ability to expend revenues.

GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

*The information in this section concerning funding procedures of K-12 school in the State is provided as supplementary information only. For specific financial information on the District, see "**DISTRICT INFORMATION**" herein.*

State Funding of School Districts

Annual State apportionments of basic and equalization aid to K-12 school districts for general purposes are made according to a revenue limit per unit of average daily attendance ("A.D.A."). If a district's total revenue limit exceeds its property tax revenue, its annual State apportionments, subject to certain adjustments, amount to the difference between the revenue limit and a district's actual property tax receipts (after any redevelopment agency tax increment or other deductions or "shifts" that may be in effect under State law). A.D.A. is determined by school districts twice a year, in December ("First Period A.D.A.") and April ("Second Period A.D.A.").

The calculation of the amount of State apportionment a school district is entitled to receive each year is summarized as follows: first, the prior year Statewide revenue limit per A.D.A. is recalculated with certain adjustments for equalization and other factors; second, this adjusted prior year Statewide revenue limit per A.D.A. is inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per A.D.A. for each type of A.D.A., yielding the school district's current year "component" revenue limits per A.D.A.; third, the current year component revenue limits per A.D.A. are applied to the school district's A.D.A. for either the current or prior year, as the district elects; fourth, revenue limit adjustments known as "add-ons" are calculated for each school district if the school district qualifies for such add-ons (for example, add-ons to adjust for small school district size and providing meals for needy pupils, among others); and fifth, local property tax revenues are deducted from the total revenue limit calculated for each district to arrive at the amount of State apportionment each school district is entitled to for the current year.

The State revenue limit is calculated three times a year for each school district on the basis of projections submitted by the district on or about December 10, based on First Period A.D.A., and April 15 and June 30, both based on Second Period A.D.A. A.D.A. calculations are based on actual attendance and do not include excused absences. Revenue limit calculations are made by each school district, reviewed by the County Office of Education and submitted to the State Department of Education. The State Department of Education reviews the calculations for accuracy, determines the amount of State apportionment owed to each school district and notifies the State Controller to distribute the apportionments. The first calculation is performed for the First Principal Apportionment in February, the second calculation for the Second Principal Apportionment in June, and the final calculation for the end of the fiscal year Annual Principal Apportionment, in essence a correction that is made in October of the next fiscal year.

See **"DISTRICT INFORMATION"** herein for the District's specific annual revenue limit per A.D.A.

Basic Aid Districts

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of $120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding to categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The District is not a Basic Aid district.

State Budget

The State budget approval process begins with the release to the State legislature by January 10th of the Governor's proposed budget for the following fiscal year. State fiscal years begin July 1st. In May, the Governor submits a revision of the proposed budget that reflects updated estimates of revenues and expenditures. After a series of public hearings and other steps in the legislative process, the budget must be approved by two-thirds vote in each house of the State legislature and submitted to the Governor. The Governor may reduce or eliminate any appropriation by line-item veto. Although the budget is required by the Constitution to be approved no later than June 15th, it often has not been approved until later.

While the Constitution in large part dictates the formulae for determining the allocation of State revenues to the K-12 education portion of the State budget pursuant to Propositions 98 and 111 and other provisions (see **"CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUE AND APPROPRIATIONS"** herein), in the State budget process the Governor and State legislature still have significant leeway in deciding whether and by how much to exceed or reduce such allocation in the actual funding of K-12 school districts, and to decide what funds will be general purpose or restricted purpose.

On January 10, 2008, the proposed *Governor's Budget for 2008/2009* was released, on May 14, 2008 the *May Budget Revision* was released and on September 23, 2008 the *2008/09 Budget Act* was signed (together, the "2008/09 Budget"), a balanced budget designed to address an otherwise anticipated State budget shortfall of $24.3 billion. A portion of the balancing of revenues and expenditures in the 2008/09 Budget depends on various measures that are not yet in State law, and the State Department of Finance has announced, since the enactment of the 2008/09 Budget Act, that State tax revenue is falling below the levels assumed in the 2008/09 Budget, to the extent of at least another $10.7 billion of revenue shortfall not in the 2008/09 Budget that needs to be addressed for 2008/09. It cannot be predicted what actions to cut expenditures or increase cash will be taken in the future, including as soon as mid-year, or earlier, by the State to respond to its own financial requirements and changes in economic conditions, and to what extent a reduction in K-12 education funding will result.

The Governor convened an emergency Special Session of the Legislature on November 6, 2008 (the "First Special Session") to address projected reductions in State revenues in Fiscal Year 2008-09. The First Special Session concluded at the end of November, 2008 with no action having been taken by the Legislature. On December 1, 2008, the Governor declared a fiscal emergency for the State and convened two more special sessions of the Legislature to address this emergency. As of the date hereof the Legislature has not adopted any proposals to address the fiscal emergency.

On November 11, 2008, the independent Legislative Analysts Office (the "LAO") provided to the State Legislature its report "Overview of the Governor's Special Session Proposals" and on November 20, 2008 the LAO provided a second report to the State Legislature entitled "California's Fiscal Outlook: LAO Projections 2008-09 through 2013-14 (together the "LAO Reports"). Copies of the LAO Reports are available at www.lao.ca.gov. The LAO Reports state that the State's revenue collapse is so dramatic and the underlying economic factors are so weak that absent corrective action, the State will experience annual shortfalls in the range of $22 billion through fiscal year 2013-14.

The 2008/09 Budget for the State general fund for 2007/08 projects prior year resources available of $4.305 billion, revenue and transfers-in of $103.027 billion, for a total of $107.332 billion in resources; and for 2008/09 projects prior year resources available of $3.999 billion, revenue and transfers-in of $101.991 billion, for a total of $105.990 billion in resources. General fund expenditures are projected to be $103.333 billion for 2007/08 and $103.401 for 2008/09, with general fund ending balances of $3.999 billion and $2.589 billion, respectively.

The 2008/09 Budget reports Proposition 98 funding of K-12 and community college education, including local property tax revenue, of $55.2 billion for 2006/07 and projects $56.6 billion for 2007/08 and $58.1 billion for 2008/09. Of these amounts, the State general fund provides $41.4 billion in 2006/07, $41.5 billion in 2007/08 and $41.9 billion in 2008/09; the difference from total Proposition 98 funding is funded from local property tax revenue projected for each school district, including, in 2008/09, a State-wide total shift of $350 million of tax increment revenue from redevelopment agencies. The 2006/07 Budget included a 5.92% COLA for most school district and county office of education revenue limit apportionments, and assumed a 0.26% decline in A.D.A. statewide (the 2006/07 decline estimate is revised to 0.09% in the 2007/08 Budget). The 2007/08 Budget included a 4.53% COLA for most school district and county office of education revenue limit apportionments, and assumed a 0.48% decline in A.D.A. statewide (revised to a 0.101% decline in the 2008/09 Budget). The 2008/09 budget includes a funded COLA of 0.68% (statutory COLA less deficit) for most school district and county office of education revenue limit apportionments, and assumes a 0.521% decline in A.D.A. statewide. The 2008/09 Budget reports total Proposition 98 K-12 funding on a per A.D.A. basis at $8,279 for 2006/07 and assumes $8,509 for 2007/08 and $8,610 for 2008/09. Total K-12 funding from all sources on a per A.D.A. basis is reported at $11,279 for 2006/07 and projected at $12,042 for 2007/08 and $12,152 for 2008/09.

State Funding of Schools Without A State Budget

On May 29, 2002, the Court of Appeal of the State of California for the Second Appellate District in *White v. Davis et al.* (combined with *Howard Jarvis Taxpayers Association et al. v. Westly* in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State constitution, including payment of certain funds for public schools under Article XVI, Section 8.5 of the State constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, Section 8.0 of the State constitution does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in *White v. Davis et al.* granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003/04 State budget impasse, the State Controller announced that only "payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made." The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the *2003/04 Budget Act* was enacted.

State Funding of School Construction

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), from proceeds of State general obligation bonds authorized and issued for this purpose. Such bond measures require approval of by a simple majority of those voting. Proposition 47, passed by 58.9% of the State-wide vote on November 5, 2002, authorized $13.05 billion, $11.40 billion of which were for K-12 school facilities and $1.65 billion of which were for higher education facilities. Proposition 55, passed by 50.6% of the State-wide vote on March 2, 2004, authorized $12.3 billion, $10.0 billion of which was for K-12 school facilities and $2.3 billion of which was for higher education facilities. Proposition 1D, passed by 56.9% of the State-wide vote on November 7, 2006, authorized $7.329 billion for construction, modernization and related purposes for K-12 school districts. The State has proposed a similar bond measure in 2008 that would, if approved by voters, authorize a further $6.47 billion for K-12 school districts, and a similar bond measure again in 2010 that would authorize $5.13 billion for K-12 school districts.

The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State, commonly funding their portion with their own general obligation bonds, certificates of participation or accumulated builder's fee revenue. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

State Retirement Programs

School districts participate in the State of California Teachers Retirement System ("STRS"). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees

Retirement System ("PERS"). PERS covers all classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial State-wide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See **"DISTRICT INFORMATION"** herein for information regarding the District's contributions to these retirement systems.

County Office of Education

In each county there is a county superintendent of schools (the "County Superintendent") and a county board of education. The Office of the County Superintendent, frequently known as the "County Office of Education" (the "County Office" herein) in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria.

The District is under the jurisdiction of, and is served by, the County Office for Contra Costa County.

School District Budget Process

School districts are required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed. Under either procedure, the school board must revise its adopted budget within 45 days after the Governor signs the State budget act to reflect any changes in budgeted revenues or expenditures made necessary by the adoption of the State's budget.

For both dual and single budgets submitted on July 1, the County Superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved.

Subsequent to approval, the County Superintendent throughout the fiscal year is authorized to monitor each school district under his or her jurisdiction pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and the County Superintendent may do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15th covering financial operations from July 1st through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1st through January 31st. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report by June 1st covering financial operations from February 1st through April 30th. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

Accounting Practices

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred. See also **"Note 1"** in **"APPENDIX A"** herein for further discussion of applicable accounting policies.

County Investment Pool

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer has the authority to invest school district funds held in the county treasury. Generally, the county treasurer pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 *et seq.* In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. A copy of the County investment policy and periodic reports on the County investment pool are available from the County Treasurer-Tax Collector, 625 Court Street, Room 100, Finance Building, Martinez, CA 94553 telephone: 925-957-2850. It is not intended that such information be incorporated into this Official Statement by such references. Certain information concerning the County's pooled investment portfolio as of September 30, 2008 is included herein in **"APPENDIX D - CONTRA COSTA COUNTY INVESTMENT PORTFOLIO REPORT."**

DISTRICT INFORMATION

The description in this section concerning District general operating and financial information is provided as supplementary information only. It should not be inferred from the inclusion of this information that any of the matters discussed in this section affect in any way the obligation of the County on behalf of the District to levy ad valorem *taxes on taxable property within the District in an amount sufficient to pay all amounts due on the Bonds.*

General Information

The District was established on July 7, 1925 and is located in Contra Costa County. The District provides educational services to the residents of the City of Antioch, plus a portion of surrounding unincorporated areas in Contra Costa County. The District consists of 41 square miles, has an estimated population of 82,900, and is located approximately 35 miles northeast of Oakland, California.

Antioch Unified School District has a K-12 enrollment of approximately 21,000 students. The district includes 14 elementary schools, 4 middle schools, 2 comprehensive high schools, 2 continuation schools, 2 small learning community high schools and 2 K-8 charter schools.

The 2007/08 pupil-teacher ratios are expected to be as follows:

ANTIOCH UNIFIED SCHOOL DISTRICT
Pupil - Teacher Ratios

Grade	Ratio
K through 3	20:1
4 through 6	30.5:1
7 through 12	26.6:1

Source: The District.

The District is governed by a Board of Education consisting of five members. Members are elected to four-year terms in staggered years. The day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Deborah Sims has served in this capacity since 2006.

Average Daily Attendance and Revenue Limit

The following table summarizes the historical and current year estimated average daily attendance for the District.

ANTIOCH UNIFIED SCHOOL DISTRICT
Average Daily Attendance Second Period Report

Academic Year	Average Daily Attendance[b]
2003/04	20,076
2004/05	19,948
2005/06	19,505
2006/07	18,955
2007/08[a]	18,756
2008/09[a]	18,763

[a] From 2007/08 Unaudited Actuals dated September 10, 2008.
[b] Includes K-12, special education, and continuation students; excludes Adult education and ROP.

Source: The District.

The District is not a Basic Aid District. The District's statutory base revenue limit per A.D.A. under the State revenue limit formula was $5,784.38 for 2007/08, and is $6,113.38 per A.D.A. for 2008/09. See **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Funding of School Districts"** herein.

Labor Relations

Currently the District employs 1,048 full-time equivalent (FTE) certificated employees (including administrators), 522.69 FTE classified employees and 41.5 management employees. There are two formal bargain units operating in the District which are described in the table below.

ANTIOCH UNIFIED SCHOOL DISTRICT
Labor Organizations

Labor Organization	Number of Employees	Contract Expiration[a]
Antioch Education Association	962	June 30, 2007
California Schools Employees Association	739	December 31, 2007

[a] Contracts are under negotiation.

Source: The District.

See "— **Comparative Financial Statements**" below for historical comparison of salary expense for the District.

Retirement Programs

The District's contribution to STRS for fiscal year 2007/08 was $5,975,177 and in fiscal year 2008/09 is estimated to be $6,070,292. The District's contribution to PERS for fiscal year 2007/08 was $1,735,806 and for fiscal year 2008/09 is projected to be $1,731,322. See "**GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — State Retirement Programs**" and "**DISTRICT INFORMATION -- Other Post Employment Benefits**" herein.

Comparative Financial Statements

The table below summarizes the District's historical and current General Fund revenue, expenditures, and fund balances from fiscal year 2004/05 through 2008/09. For the District's combined audited basic financial statements for the year ended June 30, 2007, independent auditor's letter and management's discussion and analysis, all prepared according to GASB 34, see "**APPENDIX A**" hereto.

The auditor has not reviewed such statements in connection with their inclusion in this Official Statement, nor has the District requested such a review. The District currently expects the audited financial statements for the Fiscal Year ended June 30, 2008, to be available by January 31, 2009. The District does not expect such audited results to be materially different from the estimates set forth below.

The District's First Interim Report for fiscal year 2008/09, due to be approved by the Board on December 10, 2008, is expected to be certified as "Positive." For a description of the interim report certification process, see **"GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION — School District Budget Process"** herein. The District's 2008/09 budget has been approved by the County Superintendent.

ANTIOCH UNIFIED SCHOOL DISTRICT
General Fund Revenue, Expenditures and Fund Balances
2004/05 through 2008/09

	Actuals 2004/05[a]	Actuals 2005/06[a]	Actuals 2006/07[a]	Unaudited Actuals 2007/08[c]	Budget 2008/09
Revenues					
Revenue Limit Sources				$110,749,364	$109,553,071
State Aid	$65,817,732	$69,563,352	$74,317,539	0	0
Property Taxes	34,888,156	35,604,593	36,219,101	0	0
Federal Revenue	9,247,777	8,388,670	7,035,702	6,611,295	7,634,693
Other State Revenue	15,384,913	17,628,906	24,400,380	24,233,743	20,844,995
Other Local Revenue	8,097,554	9,268,154	11,504,365	9,891,777	7,545,728
Total Revenues	133,436,132	140,453,675	153,477,087	151,486,179	145,578,487
Expenditures					
Certificated Salaries	65,230,267	69,633,631	74,825,525	73,724,293	74,553,660
Classified Salaries	16,559,196	17,473,476	20,133,973	21,239,428	20,263,807
Employee Benefits	23,203,993	24,998,873	26,877,369	26,733,732	26,607,929
Books and Supplies	5,826,286	5,853,890	5,913,891	6,915,973	8,111,838
Services, Other Operating Expenses	11,233,593	12,516,674	14,839,734	15,394,213	13,234,039
Capital Outlay	484,442	1,279,540	690,830	672,800	478,279
Debt Service:					
Principal Retirement	976,752	1,076,659	1,046,233	0	0
Interest and Fiscal Charges	635,262	586,131	991,798	0	0
Other Outlay	525,519	404,462	578,641	1,561,769	1,372,424
Transfers of Indirect/Direct Support Costs	0	0	0	(319,729)	(320,500)
Total Expenditures	124,675,310	133,823,336	145,897,994	145,922,479	144,281,476
Other Financing Sources/(Uses)					
Interfund Transfers In / Other Sources	408,944	302,981	24,465,000	0	0
Interfund Transfers Out / Other Uses	(391,085)	(856,195)	(11,678,079)	(2,132,167)	(444,255)
Total Other Financing Sources/(Uses)	17,859	(553,214)	12,786,921	(2,132,167)	(444,255)
Excess of Revenues Over (Under) Expenditures	8,778,681	6,077,125	20,366,014	3,431,535	852,756
Beginning Fund Balance (Adjusted)	7,202,652[b]	15,981,333	22,058,458	25,248,867[d]	28,680,402
Ending Fund Balance	$15,981,333	$22,058,458	$42,424,472	$28,680,402	$29,533,158

[a] Based on audited financial statement data.
[b] Reinstated as of June 24, 2004.
[c] District Unaudited Actuals as of September 10, 2008.
[d] Audit adjustments and restatements of $17,175,605 resulted in an Adjusted Beginning Fund Balance for July 1, 2008.

Audit

Excerpts from the 2006/07 audited financial statements are included in **APPENDIX A,** herein. The District is required to accept its annual audit at a public meeting no later than January 31st of the following year. The District considers its audited financial statements to be documents of public record. The District has not requested its auditors to review this Official Statement, nor have they done so.

District Debt

Lease Obligations - Certificates of Participation. During the fiscal year ended June 30, 2007, the Alameda-Contra Costa School Financing Authority issued $24,465,000 of Certificates of Participation to provide funds for the advance refunding of certificates of participation issued in 1997 and 2000 and to provide funds for various capital projects. A portion of the proceeds were deposited into an escrow account to provide for the advance refunding of the earlier issuances. Another portion of the proceeds were deposited into a trust account with The Bank of New York Trust Company, to provide for the various capital projects.

The District's future obligations for the Certificates are as follows:

ANTIOCH UNIFIED SCHOOL DISTRICT
Certificates of Participation

Fiscal Year Ending June 30	Principal	Estimated Interest	Total
2009	$ 770,000	$ 974,179	$1,744,179
2010	805,000	942,679	1,747,679
2011	835,000	909,878	1,744,878
2012	900,000	875,178	1,775,178
2013-2017	5,125,000	3,791,990	8,916,990
2018-2022	4,530,000	2,750,330	7,280,330
2023-2027	4,715,000	1,846,456	6,561,456
2028-2032	3,310,000	801,003	4,111,003
2033-2037	2,495,000	296,890	2,791,890
Total	$23,485,000	$13,188,583	$36,673,583

Source: The District

Capital Leases. The District leases seven school buses ($525,808), has a master equipment lease ($302,981) under agreements and has a loan on a relocatable child care facility ($92,113), which provide for title to pass upon expiration of the lease period.

Future minimum lease payments are as follows:

ANTIOCH UNIFIED SCHOOL DISTRICT
Capital Leases

Year Ending June 30	Lease Payment
2009	$163,026
2010	163,027
2011	15,352
2012	15,352
Total	$356,757

Source: The District

Other Post Employment Benefits

In July of 2004, the Governmental Accounting Standards Board issued GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* with requirement implementation for the District for the 2008/09 fiscal year. The new statement will significantly change the way state and local governments report their "other postemployment benefits" to the public. As a result of GASB 45, state and local governments will be required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, (3) and provide information useful in assessing potential demands on the employer's cash flow.

The District provides post employment health benefits as follows:

Classified Employees - Annual District maximum contribution is $12,000 for employees and dependents, retiring after reaching age fifty (50). The employee must have been employed by the District for ten (10) consecutive years. Benefit payments will continue until the employee reaches age sixty-five (65) or is eligible for Medicare, whichever occurs first.

Management/Certificated/Supervisory Employees - District will provide the same fully paid health, prescription, dental and vision insurance for employees and dependents after reaching age fifty (50) as are available to active employees. Payments will continue until the employee is age sixty-five (65) or is eligible for Medicare, whichever occurs first.

As of June 30, 2008, the District is providing retiree health benefits for 230 former employees. The District's policy is to pay the benefits as a cash outlay after retirement (the pay-as-you-go-method) rather than recording the cost and accumulating reserves as the benefits are earned by the active employee. During the year ended June 30, 2008 expenditures of $1,767,144 were recognized for postretirement health care. In 2004-05, the District engaged an independent firm to perform an actuarial valuation of the retiree healthcare plan. The actuarial report presented actuarial liabilities, for current and future retirees as of January 1, 2005, of $23,625,741, and $6,503,959, respectively.

Availability of Documents

Additional public documents will be made available upon request through the Business Office of the District. Such public documents include periodic financial reports such as interim reports, approved budget and audited financial statements. See "**INTRODUCTION — Other Information**" herein for contact information.

DISTRICT TAX BASE INFORMATION

This section presents certain information concerning the property tax base in the District. For general information on how ad valorem *property is assessed, and how taxes are levied and collected, see* **"AD VALOREM *PROPERTY TAXATION*"** *herein.*

Assessed Valuation

The following table represents the five-year history of assessed valuation in the District. The Bonds will be repaid from *ad valorem* taxes assessed on the Antioch Unified School District School Facilities Improvement District ("SFID"). For more information regarding how property is assessed in the State of California, see **"*AD VALOREM* PROPERTY TAXATION — Assessed Valuation"** herein.

ANTIOCH UNIFIED SCHOOL DISTRICT
Assessed Valuation

Fiscal Year	Local Secured	Utility	Unsecured	Total
Antioch Unified School District				
2004/05	$ 8,000,107,889	$104,719,606	$260,445,952	$ 8,365,273,447
2005/06	8,914,554,062	86,543,649	269,372,234	9,270,469,945
2006/07	10,205,047,039	79,477,863	252,516,983	10,537,041,885
2007/08	10,955,886,908	43,765,724	268,869,352	11,268,521,984
2008/09	10,001,001,291	40,588,505	296,803,091	10,338,392,887
Antioch Unified Community Facilities Districts [a]				
2004/05	$3,758,761,390	[b]	[b]	$3,758,761,390
2005/06	4,219,681,838	[b]	[b]	4,219,681,838
2006/07	4,826,776,079	[b]	[b]	4,826,776,079
2007/08	5,257,774,971	[b]	[b]	5,257,774,971
2008/09	4,511,663,514	[b]	[b]	4,511,663,514
		[b]	[b]	
Antioch Unified School District – School Facilities Improvement District (SFID)				
2004/05	$4,241,346,499	$104,719,606	$260,445,952	$4,606,512,057
2005/06	4,694,872,224	86,543,649	269,372,234	5,050,788,107
2006/07	5,378,270,960	79,477,863	252,516,983	5,710,265,806
2007/08	5,698,111,937	43,765,724	268,869,352	6,010,747,013
2008/09	5,489,337,777	40,588,505	296,803,091	5,826,729,373

[a] 2007/08 and 2008/09 values are actual. Prior years may be slightly underestimated due to parcel splits. Every attempt was made to account for parcel splits and reconfigurations.
[b] Assumes no utility and unsecured value due to the residential nature of the Community Facilities Districts.

Source: California Municipal Statistics, Inc.

The *ad valorem* property tax to pay debt service on the Bonds and all other outstanding bonds is levied on total assessed value of all taxable property within the SFID before deducting any redevelopment agency tax increment. The District's general fund property tax revenue is a percentage of the County-wide 1% general purpose tax rate levied on total assessed value of all taxable property within the District after deducting redevelopment agency tax increment.

Secured Tax Charges and Delinquencies

The following table reflects the historical secured tax levy and year-end delinquencies for the District as a whole (not specifically the SFID).

ANTIOCH UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies

Fiscal Year	Secured Tax Charge[a]	Amount Delinquent June 30	Percent Delinquent June 30
2003/04	$109,592,361.94	$ 4,820,218.86	4.40%
2004/05	117,175,179.02	3,306,439.65	2.82
2005/06	126,341,938.95	5,815,748.53	4.60
2006/07	141,148,541.08	12,701,738.93	9.00
2007/08	161,415,103.90	17,688,969.50	10.96

[a] All taxes collected by the County within the District.

Source: California Municipal Statistics, Inc.

Under the Teeter Plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County *does* include the secured, but not the unsecured, *ad valorem* tax levy for the District's general obligation bonds under the Teeter Plan. See "***AD VALOREM*** **PROPERTY TAXATION — Teeter Plan**" herein.

Tax Rates

The following is a summary of tax rates for a representative tax rate area, TRA 1-002, within the SFID. TRA 1-002 has a total 2007/08 assessed valuation of $3,724,081,12, approximately 63.91% of the SFID's total assessed valuation. See "***AD VALOREM*** **PROPERTY TAXATION**" for further information on establishing tax rates.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES DISTRICT NO. 1
Tax Rates - TRA 1-002

	2004/05	2005/06	2006/07	2007/08	2008/09
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Bay Area Rapid Transit District	-	0.0048	0.0050	0.0076	0.0090
East Bay Regional Park District	0.0057	0.0057	0.0085	0.0080	0.0100
Contra Costa Community College District	0.0042	0.0047	0.0043	0.0108	0.0066
Total All Property	1.00995	1.0152%	1.0178%	1.0264%	1.0256%
Contra Costa Water District	0.0057%	0.0050%	0.0043%	0.0039%	0.0041%
Total Land Only Tax Rate	0.0057%	0 .0050%	0.0043%	0.0039%	0.0041&

Source: California Municipal Statistics, Inc.

Largest Taxpayers

The twenty largest taxpayers in the SFID, as shown on the secured tax roll, and the amounts of their assessed valuations for all taxing jurisdictions within the SFID, are shown below.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES DISTRICT NO. 1
Largest Taxpayers

Name	Primary Land Use	2008/09 Assessed Valuation	Percent of Total[a]
GWF Power Systems Company	Heavy Industrial	$ 50,757,211	0.92%
Century Plaza Corporation	Shopping Center	50,310,272	0.92
Southern Energy Delta LLC	Power Generation	48,272,804	0.88
Deutsche Bank National Trust, Trustee	Residential Properties	35,514,200	0.65
The Macerich Partnership LP	Shopping Center	31,556,486	0.57
Inland American/Stephens LLC	Light Industrial	31,300,000	0.57
Kaiser Foundation Hospitals [b]	Hospital	28,733,456	0.52
Bluerock Partners LLC	Office Building	28,153,207	0.51
Matthew J. Mazzei	Auto Dealership	26,412,881	0.48
Sears Roebuck & Co.	Commercial Store	23,452,602	0.43
59 Carol Ln LP	Apartments	22,923,821	0.42
Georgia-Pacific Gypsum LLC	Heavy Industrial	22,372,962	0.41
Antioch Crossings Retail Center	Shopping Center	22,206,828	0.40
Century Plaza Development Corp.	Commercial	22,196,987	0.40
Delta Square-Oxford LP	Apartments	21,711,388	0.40
Chiu Family LLC	Shopping Center	17,860,122	0.33
Lakeshore Antioch	Apartments	17,422,516	0.32
Cypress Square-S&R Associates	Shopping Center	16,893,144	0.31
Wal-Mart Real Estate Business Trust	Shopping Center	16,892,977	0.31
In-Shape Health Clubs Inc.	Health Club	16,424,739	0.30
TOTAL		$551,368,603	10.04%

[a] Total Local Secured Assessed Valuation for 2008/09: $5,489,337,777
[b] Net taxable value.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated as of January 1, 2009. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the SFID in whole or in part. Such long- term obligations generally are not payable from revenues of the SFID (except as indicated) nor are they necessarily obligations secured by land within the SFID. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The first column of the Debt Report lists local agencies with territory overlapping, at least in part, that of the SFID. The second column shows the portion of each overlapping entity's debt assignable to property within the boundaries of the SFID, and the third column shows the amount of that portion of the overlapping entity's existing debt. The total amount of debt for each overlapping entity is not given.

The Debt Report also shows, at the top, the gross assessed valuation, less any redevelopment agency tax increment and the resulting net assessed valuation after deducting redevelopment agency tax increment.

ANTIOCH UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES DISTRICT NO. 1
Statement of Direct and Overlapping Debt

2008/09 Assessed Valuation:	$5,826,729,373
Redevelopment Incremental Valuation:	(1,082,324,779)
Adjusted Assessed Valuation:	$4,744,404,594

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Percent Applicable	Debt 1/1/09
Bay Area Rapid Transit District	1.076%	$ 4,749,034
East Bay Regional Park District	1.514	1,920,509
Contra Costa Community College District	3.438	6,052,599
Antioch Unified School District School Facilities Improvement District	**100.**	-[a]
City of Antioch Reassessment District No. 27-31 (Estimate)	4.641	1,966,392
City of Pittsburg Assessment District No. 2001-03	100.	4,015,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		18,703,534
OVERLAPPING GENERAL FUND DEBT:		
Contra Costa County Certificates of Participation	3.427	10,280,315
Contra Costa County Pension Obligations	3.427	16,894,596
Contra Costa Community College District Certificates of Participation	3.438	38,162
Antioch Unified School District Certificates of Participation	51.352	11,664,607
City of Antioch Certificates of Participation	47.863	13,990,355
City of Oakley Certificates of Participation	8.160	678,096
City of Pittsburg Pension Obligations	3.308	1,304,710
Contra Costa County Fire Protection District Pension Obligations	6.984	8,622,796
TOTAL OVERLAPPING GENERAL FUND DEBT		$63,473,637
COMBINED TOTAL DEBT		$82,177,171 [b]

[a] Excludes general obligation bonds to be sold.
[b] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008/09 Assessed Valuation:
Direct Debt .... - %
Total Direct and Overlapping Tax and Assessment Debt 0.32%

Ratios to Adjusted Assessed Valuation:
Combined Debt 1.73%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: $0

Source: California Municipal Statistics, Inc.

ECONOMIC PROFILE

While the economics of the City of Antioch and County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem *tax levy to pay debt service on the Bonds.*

Introduction

The District is located in the City of Antioch in Contra Costa County.

Situated northeast of San Francisco, Contra Costa County is bounded by San Francisco Bay to the west, the San Pablo Bay and the Sacramento River delta to the north, and by Alameda County on the south. Ranges of hills effectively divide Contra Costa County into three distinct regions. The western portion, with its access to water, contains much of Contra Costa County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. Contra Costa County has extensive and varied transportation facilities — ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

Population

The following table summarizes population figures for the City and for the County.

CITY OF ANTIOCH AND CONTRA COSTA COUNTY
Population

Year	City of Antioch	Contra Costa County
1980	42,683	656,380
1990	62,195	803,732
2000	90,532	948,816
2004	101,097	1,008,944
2005	101,049	1,109,101
2006	100,945	1,030,732
2007	100,150	1,037,580
2008	100,361	1,051,674

Source: The 1980, 1990 and 2000 totals are U.S. Census figures. The figures for the years 2004 through 2008 are based upon adjusted January 1 estimates provided by the State.

Employment

The following table summarizes historical employment and unemployment in the Oakland Metropolitan Statistical Area, which is comprised of both Alameda and Contra Costa Counties.

OAKLAND MSA
Civilian Labor Force, Employment and Unemployment
Annual Averages

	2003	2004	2005	2006	2007
Civilian Labor Force[a]					
Employment	1,188,700	1,187,900	1,194,300	1,209,700	1,220,600
Unemployment	83,500	71,900	63,400	55,500	60,900
Total	1,272,200	1,259,800	1,257,700	1,265,200	1,281,500
Unemployment Rate[b]	6.6%	5.7%	5.0%	4.4%	4.8%

[a] Based on place of residence; March 2007 Benchmark.
[b] The unemployment rate is calculated using unrounded data.

Source: California Employment Development Department, Labor Market Information Division

The following table summarizes the historical numbers of workers in the Oakland Metropolitan Statistical Area, which is comprised of both Alameda and Contra Costa Counties, by industry.

OAKLAND MSA
Estimated Number of Wage and Salary Workers by Industry[a]
(in thousands)

	2003	2004	2005	2006	2007
Agricultural	2,600	1,500	1,600	1,500	1,500
Natural Resources and Mining	900	1,200	1,100	1,200	1,200
Construction	67,100	69,800	72,800	73,300	72,400
Manufacturing	98,000	98,200	95,600	95,800	93,700
Trade, Transportation and Utilities	197,200	193,800	195,000	197,100	198,100
Information	32,600	31,300	30,700	30,100	29,400
Financial Activities	67,700	67,600	69,500	67,700	62,300
Professional and Business Services	144,900	147,700	150,600	154,900	155,500
Educational and Health Services	117,000	117,200	118,500	121,800	124,700
Leisure and Hospitality	80,400	80,600	83,000	85,600	87,500
Other Services	37,500	36,600	35,600	35,900	36,200
Government	182,300	179,700	180,000	182,000	186,800
Total All Industries	1,028,200	1,025,200	1,033,700	1,046,900	1,049,100

[a] The industry employment data are now based upon the North American Industry Classification System (NAICS). Newly released data are *not* comparable to the data based on the Standard Industrial Classification (SIC). Items may not add to totals due to independent rounding. March 2007 Benchmark

Source: California Employment Development Department, Labor Market Information Division.

Major Employers

The following table summarizes the major private employers in the City:

CITY OF ANTIOCH
Major Private Employers

Company	Product/Service	Employees
Delta Sutter Medical Center	Medical hospital	560
Lowe's Home Centers Inc.	Retails building products & materials	300
Kaiser Foundation Hospitals	Specialty outpatient clinic	200
Laidlaw Transit Inc.	Bus line operations	160
William G. McCullough Co. Inc.	Trenching service	135
Tin Inc.	Manufactures corrugated & solid fiber containers	130
Angelica Textile Services Inc.	Linen supply service	100
Lone Tree Convalescent Hospital	Skilled nursing care facility	90
Antioch Convalescent Hospital	Convalescent home	80
Kiewit Pacific Co.	Heavy highway & street construction	80
Insenity West Investment (Bayside Funding Group)	Mortgage brokers service	78
Wayne E. Swisher Cement Contractor	Concrete contractor	75

Source: 2008 Harris InfoSource, February 2008.

The following table summarizes the major private employers in Contra Costa County.

CONTRA COSTA COUNTY
Major Private Employers

Employer	Product/Service	Employees
AT&T Inc.	Wired telecommunications carrier & service	10,820
John Muir Medical Centers	Medical hospitals	5,685
Summerville Management LLC	Extended care facility	4,000
Chevron Corp.	Petroleum refining	3,577
Kaiser Foundation Hospitals	Medical hospital & health insurance maintenance organization	3,037
Diamond Environmental	Environmental consultant	1,700
Cellco Partnership (Verizon)	Cellular telephone services	1,540
Contra Costa Newspapers	Publishes & prints newspapers	1,232
Doctor's Medical Center – San Pablo	Medical hospital	1,200
Bio-Rad Laboratories Inc.	Manufactures analytical instruments	1,030
Frances Mary Accessories Inc.	Manufactures women's handbags	1,020
Tenet Health Systems Hospitals	Medical hospital	1,000
Solera Holdings Inc.	Computer software development & applications	1,000
Audatex North America Inc.	Business & professional software publishers	990
Shell Martinez Refinery	Petroleum refining	965
Pacific Gas & Electric Co.	Electric services	873
Bayer Healthcare	Manufactures pharmaceutical preparations	825
Texaco Exploration India Inc.	Gas & oil field exploration services	800
PMI Group Inc.	Surety reinsurance carrier	757

Source: 2008 Harris InfoSource, February 2008.

Construction Activity

The following table summarizes historical residential building permit valuation for the City and the County.

CITY OF ANTIOCH AND CONTRA COSTA COUNTY
Residential Building Permit Valuation
(Dollars in Thousands)

	City of Antioch		Contra Costa County	
Year[a]	Units[b]	Valuation[c]	Units[b]	Valuation[c]
2003	255	$57,822	6,883	$1,451,454
2004	287	65,195	5,588	1,240,803
2005	352	80,515	6,445	1,703,912
2006	193	47,168	4,218	1,111,325
2007	158	44,654	3,418	875,998

[a] As of January 1.
[b] Does not include alterations and additions.
[c] Includes all residential building activity.

Source: For the years 2003 – 2006: "California Building Permit Activity," Economic Sciences Corporation.
For the year 2007: U.S. Bureau of the Census.

Commercial Activity

The following table summarizes historical taxable transactions in the City and the County.

CITY OF ANTIOCH AND CONTRA COSTA COUNTY
Taxable Transactions
(Dollars in Thousands)

	City of Antioch		Contra Costa County	
Year	Outlets	Taxable Transactions	Outlets	Taxable Transactions
2002	1,448	$ 774,987	22,541	$12,159,424
2003	1,521	812,987	23,253	12,223,295
2004	1,583	909,241	23,571	12,990,538
2005	1,596	967,785	23,692	13,480,075
2006	1,552	1,011,170	23,249	13,867,661

Source: State Board of Equalization.

Median Household Income

Effective Buying Income (EBI) is defined as money income less personal income tax and non-tax payments, such as fines, fees or penalties. The following table summarizes historical median household EBI, for the City, County, State of California and United States of America.

CITY OF ANTIOCH, CONTRA COSTA COUNTY,
STATE OF CALIFORNIA AND UNITED STATES OF AMERICA
Median Household Effective Buying Income

Year	City of Antioch	Contra Costa County	State of California	United States of America
2004	$55,540	$54,862	$42,924	$38,201
2005	56,091	56,165	43,915	39,324
2006		Data Not Available		
2007		Data Not Available		
2008	60,598	61,123	48,203	41,792

Source: "Survey of Buying Power", Sales and Marketing Management Magazine.

LEGAL MATTERS

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however, to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code") such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

The form of Bond Counsel opinion is attached hereto as **APPENDIX B**.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or State tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in California.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a Certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Legal Opinion

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond.

Bond Counsel's employment is limited to a review of the legal proceedings required for authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exclusion from gross income of interest on the Bonds. The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars, official statements or other material of any kind concerning the Bonds.

Bank Qualification

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Code such that, in the case of certain financial institutions (within the meaning of section 265(b)(3) of the Code), a deduction for federal income tax purposes is allowed for 80 percent of that portion of such financial institution's interest expense allocable to interest received on such Bonds.

MISCELLANEOUS

Ratings

Moody's Investors Service and Standard & Poor's are expected to assign their municipal bond ratings of "Aa2" and "AAA", respectively, to the Bonds, based solely upon the issuance of the Policy concurrently with the issuance of the Bonds. The underlying ratings of the District are "A2" from

Moody's and "A+" from Standard and Poor's. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies at the following addresses: Moody's Investors Service, 99 Church Street, New York, NY, 10007; Standard & Poor's, 55 Water Street, 38th Floor, New York, NY 10041.

Generally, a rating agency bases its rating on the information and materials furnished to it (some of which may not be included in this Official Statement) and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgement of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Underwriting

Pursuant to the terms of a purchase contract between the District and E. J. De La Rosa & Co., Inc., as Underwriter (the "Underwriter"), has agreed to purchase the Bonds from the District at the purchase price of $9,667,738.68. The Underwriter has represented to the District that the Bonds were reoffered to the public at the prices or yields set forth on the cover page of this Official Statement, at an aggregate reoffering price of $9,997,039.90. Based on such representations, underwriter's compensation for the Bonds will be $88,730.00. In addition, the Underwriter will pay for the bond insurance premium ($65,121.88) and costs of issuance ($175,449.34). The Underwriter will be obligated to take and pay for all of the Bonds, if any Bond is purchased.

Closing Papers

Bond Counsel in due course will furnish to the Underwriter, without charge, a transcript of all closing documents, each dated the date of delivery of the Bonds. Included therein, among other documents, will be the following:

(a) The opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, substantially in the form attached as **APPENDIX B** hereto;

(b) The tax certificate of the District containing certifications and covenants relied upon by Bond Counsel in rendering its opinion that the interest on the Bonds is exempt from federal income taxation;

(c) The certificate on behalf of the District certifying that there is no litigation pending affecting the validity of the Bonds;

(d) The Certificate of an appropriate District official, acting on behalf of the District solely in his or her official and not in his or her personal capacity, certifying that at the time of the sale of the Bonds and at all times subsequent thereto up to and including the time of delivery of the Bonds to the initial purchasers thereof, to the best knowledge and belief of said Official, this Official Statement (excluding the description of the DTC and its book-entry system, information relating to a municipal bond insurance policy, if any, and the provider thereof, information provided by the Underwriter relating to the underwriting and the reoffering of the Bonds, and information relating to the investment of District funds, provided by the County Treasurer-Tax Collector), did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(e) The signature certificate of the officials of the County certifying that said officials have signed the Bonds, whether by facsimile or manual signature, and that they were duly authorized to do so;

(f) The receipt of the Treasurer-Tax Collector of the County for the purchase price of the Bonds, including interest accrued to the date of delivery thereof, if any; and

(g) The Continuing Disclosure Certificate of the District in substantially the form shown in **APPENDIX C** attached hereto.

Continuing Disclosure

The District has covenanted to provide certain financial information and operating data relating to the District by not later than nine months following the end of the District's fiscal year (the "Annual Report"), commencing with the Annual Report for the 2007/08 Fiscal Year, which is due no later than April 1, 2009, and to provide notices of the occurrence of certain enumerated events, if material, to the state information repository, if any, and upon request, to any person. Currently, the District's Fiscal Year ends on June 30 of each year. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below under the caption **"APPENDIX C — FORM OF CONTINUING DISCLOSURE CERTIFICATE."** These covenants have been made for the benefit of the holders and beneficial owners of the Bonds and to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Financial Advisor

The District has entered into an agreement with KNN Public Finance, A Division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the District with respect to preparation and sale of the Bonds. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement and has supervised the completion and editing thereof. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information, and the Financial Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the documents, statutes and constitutional provisions referenced herein, do not purport to be complete, and reference is made to said documents, statutes, and constitutional provisions for full and complete statements of their provisions. This Official Statement has been reviewed and approved by the District.

ANTIOCH UNIFIED SCHOOL DISTRICT

By: /s/ Deborah Sims, Ed.D.
Superintendent

APPENDIX A

BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2007, WITH INDEPENDENT AUDITOR'S LETTER AND MANAGEMENT'S DISCUSSION AND ANALYSIS

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ANTIOCH UNIFIED SCHOOL DISTRICT
COUNTY OF CONTRA COSTA
ANTIOCH, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2007

ANTIOCH UNIFIED SCHOOL DISTRICT

JUNE 30, 2007

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ANTIOCH UNIFIED SCHOOL DISTRICT

JUNE 30, 2007

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GOODELL, PORTER & FREDERICKS, LLP
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD J. GOODELL, CPA
JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Education
Antioch Unified School District
Antioch, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Antioch Unified School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the provisions of *California Code of Regulations* Title 5 Education, Section 19810, and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Antioch Unified School District as of June 30, 2007 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

1435 River Park Drive ▪ Suite 400 ▪ Sacramento, CA 95815 ▪ (916) 929-0264 ▪ FAX (916) 929-5179

The Management's Discussion and Analysis on page 3 through 13 and the budgetary comparison information on page 49 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards,* we have also issued our report dated January 28, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Antioch Unified School District's basic financial statements. The accompanying statistical schedules and combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of Antioch Unified School District. The statistical schedules, the schedule of expenditures of federal awards and the combining non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Goodell, Porter & Fredericks, LLP

GOODELL, PORTER & FREDERICKS, LLP
Certified Public Accountants

January 28, 2008

The discussion and analysis of Antioch Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The increased in revenue limit from 2005-2006 to 2006-2007 was $5,368,693 or 5.10% compared with an increase of $4,390,439 or 4.6% between 2004-2005 and 2005-2006.
- General Fund revenues and other sources exceeded expenditures and other uses by $20,366,014, ending the year with the State recommended reserve level of $9.4 million, greater than 3%.
- The total of the District's fixed assets, land, site, building, and equipment, valued on an acquisition cost basis was $301 million. After depreciation, the June 30, 2007 book value for fixed assets totaled $203 million.
- The District established two new funds in 2006-2007: Fund 40, Special Reserve Fund for Capital Improvements in the amount of $2,000,000 and Fund 71, Retiree Benefit Fund in an irrevocable trust in the amount of $2,000,000.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of $64 million, an increase of $14 million from the previous fiscal year's combined ending balance of $50 million. This increase is mainly reflected in the General Fund and the County School Facilities Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of $4 million.

The District ended the year by increasing $20 million to the general fund ending balance. The State recommends an ending reserve for economic uncertainties of 3%. The District's ending reserve was 6%, which included this reserve for economic uncertainties as well as carryover balances designated for certain restricted programs specified by granting agencies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2006-07 fiscal year, the District had invested $300 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. The capital assets net of depreciation were $203 million at June 30, 2007, which is an increase of $26 million from the previous year due to acquisitions totaling $31 million and depreciation expenses of $6 million.

Table 3
Comparative Schedule of Capital Assets
(net of depreciation)
June 30, 2007 and 2006

	2007	Restated 2006	Difference	Total Percent Change
Land	$ 26,673,506	$ 26,673,506		
Site Improvement	16,312,096	17,653,857	$ (1,341,761)	-8%
Buildings	120,255,359	123,961,047	(3,705,688)	-3%
Machinery & Equipment	4,215,455	4,319,713	(104,258)	-2%
Work in Progress	35,596,103	4,940,121	30,655,982	621%
Total	$ 203,052,519	$ 177,548,244	$ 25,504,275	-

CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)

Long-Term Debt

At June 30, 2007, the District had $41.8 million in long-term debt outstanding.

Table 4
Comparative Schedule of Outstanding Debt
June 30, 2007 and 2006

	2007	2006
Certificates of Participation	$ 40,373,927	$ 16,453,763
Revenue Bonds	58,175	119,676
Capital Lease Obligations	490,697	542,757
Compensated Absences	913,642	943,743
Total	$ 41,836,441	$ 18,059,939

The long-term debt paid by the District was approximately $1.2 million in 2007.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic downturn is a major factor affecting the District's future. The financial well being of the district is tied in large measure to the state funding formula. Furthermore, the State's current year budget does not fully address its budget problem so it is anticipated that significant further reductions in funding may be forthcoming.

The latest enrollment projections indicate that Antioch Unified School will not see growth during the 2007-08 school year. Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California.

A decline in enrollment indicates a decline in District revenue, along with related budget reductions. In addition, the States economic condition indicates a likely decline in the District's revenue, along with related budget reductions. The future predictions require management to plan carefully and prudently monitor both State and District trends, to provide the resources to meet student needs over the next several years. The District has a duty to meet this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Denise Porterfield, Chief Business Official, Antioch Unified School District, 510 G Street, Antioch, CA 94509, (925) 776-2022.

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2007

		Governmental Activities
ASSETS		
Cash (Note 2)		$ 65,671,734
Investments (Note 2)		2,311,011
Accounts Receivable (Note 4)		11,400,931
Stores Inventory (Note 1H)		169,435
Capital Assets (Note 6):		
Land	$ 26,673,506	
Sites and Improvements	44,013,829	
Buildings and Improvements	184,603,054	
Machinery and Equipment	9,635,969	
Work in Progress	35,596,103	
Less Accumulated Depreciation	(97,469,942)	
Total Capital Assets, Net of Depreciation		203,052,519
Total Assets		$ 282,605,630
LIABILITIES		
Deficit Cash Balance (Note 16)		$ 119,403
Accounts Payable and Other Current Liabilities		14,869,390
Deferred Income (Note 1H)		816,137
Long-term Liabilities:		
Due Within One Year:		
Certificates of Participation (Note 8)	$ 16,888,927	
Capital Lease Obligations (Note 9)	148,647	
Compensated Absences Payable	913,642	
Lease Revenue Bonds (Note 10)	58,175	
Total Due Within One Year:		18,009,391
Due After One Year:		
Certificates of Participation (Note 8)	23,485,000	
Capital Lease Obligations (Note 9)	342,050	
Total Due After One Year:		23,827,050
Total Liabilities		$ 57,641,371
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		$ 162,678,592
Restricted For:		
Capital Projects		20,267,180
Education Programs		11,635,313
Unrestricted		30,383,174
Total Net Assets		$ 224,964,259

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Governmental Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Instruction	$ 97,824,289	$ 368,463	$ 22,949,187	$ 14,413,438	$ (60,093,201)
Instruction-related services:					
Supervision of instruction	3,564,142	43,242	3,125,236		(395,664)
Instructional library, media and technology	1,458,460	12,843	15,920		(1,429,697)
School site administration	11,757,028	40,300	819,203		(10,897,525)
Pupil Services:					
Home-to school transportation	2,672,759	4,676	614,039		(2,054,044)
Food services	5,965,741	2,212,848	3,567,900		(184,993)
All other pupil services	2,811,799	10,435	1,755,105		(1,046,259)
General administration:					
Data processing	1,543,681	44,793	55,526		(1,443,362)
All other general administration	12,150,996	133,521	723,475		(11,294,000)
Plant services	18,497,996	215,141	1,317,297		(16,965,558)
Ancillary services	503,733				(503,733)
Interest on long-term debt	1,755,298				(1,755,298)
Other Outgo	2,787,588	639,558	1,214,167		(933,863)
Total Governmental Activities	$ 163,293,510	$ 3,725,820	$ 36,157,055	$ 14,413,438	(108,997,197)

General Revenues:	
Property Taxes Levied For:	
General Purposes	36,219,099
Taxes Levied for Other Specific Purposes	834,123
Federal and State Aid not Restricted to Specific Purposes	83,078,413
Interest and Investment Earnings	1,676,608
Miscellaneous	2,636,014
Total General Revenue	124,444,257
Change in Net Assets	15,447,060
Net Assets Beginning	209,517,195
Net Assets Ending	$ 224,964,255

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	County School Facilities	Other Governmental Funds	Total Governmental Funds
Assets				
Cash in County Treasury (Note 2)	$ 26,291,847	$ 10,838,239	$ 6,941,721	$ 44,071,807
Cash on Hand and in Banks (Note 2)			5,000	5,000
Cash in Revolving Fund (Note 2)	20,000		20,000	40,000
Cash with Fiscal Agent (Note 2)	16,182,108		5,372,819	21,554,927
Investments (Note 2)	2,309,711		1,300	2,311,011
Accounts Receivable (Note 4)	10,278,336	13,546	1,109,049	11,400,931
Stores Inventories (Note 1H)	61,221		108,214	169,435
Total Assets	$ 55,143,223	$ 10,851,785	$ 13,558,103	$ 79,553,111
Liabilities and Fund Balances				
Liabilities:				
Deficit Cash (Note 2)			$ 119,403	$ 119,403
Accounts Payable	$ 11,902,614	$ 1,770,361	815,093	14,488,068
Deferred Revenue (Note 1H)	816,137			816,137
Total Liabilities	12,718,751	1,770,361	934,496	15,423,608
Fund Balances (Note 1H):				
Reserved	732,336		128,214	860,550
Legally Restricted Balances	11,635,313		200,053	11,835,366
Unreserved:				
Designated	25,088,886	9,081,424	10,219,268	44,389,578
Undesignated	4,967,937		2,076,072	7,044,009
Total Fund Balances	42,424,472	9,081,424	12,623,607	64,129,503
Total Liabilities and Fund Balances	$ 55,143,223	$ 10,851,785	$ 13,558,103	$ 79,553,111

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total fund balance - governmental funds		$ 64,129,503
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets	$300,522,457	
and accumulated depreciation	(97,469,942)	
Net		203,052,515
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(381,322)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Compensated absences payable	$ 913,642	
Certificates of participation payable	40,373,927	
Capital leases payable	490,697	
Lease revenue bonds payable	58,175	
		(41,836,441)
Total net assets-governmental activities (minor difference due to rounding)		$224,964,255

ANTIOCH UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund	County School Facilities	Other Governmental Funds	Total Governmental Funds
REVENUES				
Revenue Limit Sources:				
State Apportionments	$ 74,317,539		$ 456,018	$ 74,773,557
Local Sources	36,219,101			36,219,101
Total Revenue Limit	110,536,640		456,018	110,992,658
Federal Revenue	7,035,702		3,554,637	10,590,339
Other State Revenue	24,400,380	$ 13,563,828	1,252,374	39,216,582
Other Local Revenue	11,504,365	849,610	5,587,018	17,940,993
Total Revenues	153,477,087	14,413,438	10,850,047	178,740,572
EXPENDITURES				
Certificated Salaries	74,825,525		293,180	75,118,705
Classified Salaries	20,133,973		2,661,697	22,795,670
Employee Benefits	26,877,369		898,978	27,776,347
Books and Supplies	5,913,891		3,616,317	9,530,208
Services and Other Operating Expenditures	14,839,734		2,189,757	17,029,491
Capital Outlay	690,830	28,101,633	3,200,053	31,992,516
Debt Service:				
Principal Retirement	1,046,233		87,940	1,134,173
Interest and Fiscal Charges	991,798		9,964	1,001,762
Other Outgo	578,641		235,816	814,457
Total Expenditures	145,897,994	28,101,633	13,193,702	187,193,329
Excess of Revenues Over (Under) Expenditures	7,579,093	(13,688,195)	(2,343,655)	(8,452,757)
Other Financing Sources (Uses):				
Operating Transfers In (Note 5)			12,413,041	12,413,041
Operating Transfers Out (Note 5)	(11,678,079)	(32,084)	(2,702,878)	(14,413,041)
Other Sources	24,465,000			24,465,000
Total Other Financing Sources (Uses)	12,786,921	(32,084)	9710163	22,465,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	20,366,014	(13,720,279)	7,366,508	14,012,243
Fund Balances - July 1, 2006	22,058,458	22,801,703	5,257,099	50,117,260
Fund Balances - June 30, 2007	$ 42,424,472	$ 9,081,424	$ 12,623,607	$ 64,129,503

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Net change in fund balances - Total governmental funds		$14,012,243
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlay: In governmental funds, the cost of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay:	$31,208,089	
Depreciation expense:	(5,649,410)	
Net		25,558,679
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		1,195,674
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:		(24,557,113)
Gain or loss from disposal of capital assets: In governmental funds the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(54,408)
Unmatured interest on long-term debt: In governmental funds interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period owing from the prior period, was:		(292,952)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		30,101
Accreted interest on capital appreciation COPs is not recognized as an expenditure in the governmental fund financial statements until paid. In the statement of activities, however, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current year was:		(445,164)
Total change in net assets-governmental activities (minor differences may be due to rounding)		$15,447,060

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Expendable Trusts		
	Retiree Benefits Fund	Foundation Trust Fund	Agency Fund
ASSETS			
Cash in County Treasury (Note 2)	$ 2,000,000	$ 34,016	
Cash in Hand and in Bank (Note 2)			$ 1,476,318
Total Assets	$ 2,000,000	$ 34,016	$ 1,476,318
LIABILITIES			
Liabilities:			
Due to Student Groups		$ 270	$ 1,476,318
Total Liabilities		$ 270	$ 1,476,318
NET ASSETS			
Reserved for scholarships		33,746	
Reserved for retiree benefits	$ 2,000,000	$	
Total Net Assets	$ 2,000,000	$ 33,746	$ 0

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ANTIOCH UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Expendable Trusts	
	Retiree Benefits Fund	Foundation Trust Fund
Additions		
Gifts and contributions		$ 1,315
Interest Income		1,679
Transfer from General Fund	$ 2,000,000	
Total Additions	2,000,000	2,994
Deductions		
Scholarships awarded		1,096
Change in net assets	2,000,000	1,898
Net assets – July 1, 2006	0	31,848
Net assets – June 30, 2007	$ 2,000,000	$ 33,746

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to Accounting principles generally accepted in the United States of America prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

A. Reporting Entity

The District includes all funds that are controlled by or dependent on the District's governing board for financial reporting purposes. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles. The District determined that the Contra Costa Schools Financing Authority meets the criteria for inclusion within the reporting entity.

The Antioch Unified School District (the "District") and the Contra Costa Schools Financing Authority (the "Authority") have a financial and operational relationship such that the Authority is included as a component unit of the District. Therefore, the financial activities of the Authority, which relate to the Antioch Unified School District, have been included in financial statements of the District in the General Fund.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current asset and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major and fiduciary funds as follows:

MAJOR GOVERNMENTAL FUNDS:

1. General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

2. County School Facilities Fund is used to account for State Facilities apportionments to upgrade and build facilities.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

NON-MAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains three non-major special revenue funds:

1. Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.

2. Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria programs.

3. Deferred Maintenance Fund is used for the purpose of major repairs or replacement of District property.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental capital assets. The District maintains four non-major capital projects funds:

1. Building Fund is used to account for the acquisition of major government capital facilities and buildings from monies transferred from the Community Facilities District.

2. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

3. Special Reserve Fund for Capital Outlay Projects is used to accumulate funds for repairs, capital outlay and replacement of District property.

4. Capital Projects Fund for Blended Components Units is used to account for the revenue from Community Facilities District (CFD) 94-1.

FIDUCIARY FUNDS:

Expendable Trust Funds are used to account for assets held by the District as trustee. The District maintains two expendable trust funds, the scholarship fund and the retiree benefit fund. The scholarship fund is used to provide financial assistance to students of the District. The retiree benefit fund is used to reserve funds to pay for retiree benefits.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

FIDUCIARY FUNDS (CONCLUDED):

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The District maintains twenty-one agency funds, one for each school's student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund as required supplementary information in the financial statements.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account (see Note 3).

F. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Assets, Liabilities and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $100,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the county either are secured by federal depository insurance or are collateralized.

Investments Valuation

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

1. Deposits and Investments (Concluded)

State Investment Pool

The District participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

Deposits and Investment Risk Disclosures - In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

2. Stores Inventories

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The District's central warehouse inventory is valued at a moving average cost for presentation. The cafeteria inventory valuation is First-in-First-out (FIFO).

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

3. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation and air conditions systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/Plumbing		30
Sprinkler/fire system	Fire suppression systems	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery & tools	Shop & maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science & engineering	Lab equipment, scientific apparatus	10
Furniture & accessories	Classroom & other furniture	20
Business machines	Fax, duplicating & printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative or long-term	10 to 20
Audio visual equipment	Projectors, cameras (still & digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractor's equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

4. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

7. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets".

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

8. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

9. Fund Balance Reserves and Designations

The District's fund balances at June 30, 2007 consisted of the following:

	General Fund	County School Facilities Fund	Other Governmental Funds	Total
Reserved For:				
Revolving Fund	$ 20,000		$ 20,000	$ 40,000
Stores Inventories	61,221		108,214	169,435
Debt Service	651,115			651,115
Legally Restricted Balances	11,635,313		200,053	11,835,366
Unreserved:				
Designated For:				
Economic Uncertainties	4,506,234			4,506,234
Other Program Carryovers	3,407,049			3,407,049
Fund Specific	17,175,603	$ 9,081,424	10,219,268	36,476,295
Undesignated, Reported In:				
General Fund	4,967,937			4,967,937
Capital Projects Funds				
Special Revenue Funds			2,076,072	2,076,072
Total Fund Balances	$ 42,424,472	$ 9,081,424	$ 12,623,607	$ 64,129,503

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserve for revolving fund and reserve for stores inventory reflects the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

H. Assets, Liabilities and Equity (Concluded)

10. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Revenue Limit is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

NOTE 2 - CASH AND INVESTMENTS

The District had the following cash and investments at June 30, 2007:

	Fair Value	Carrying Amount
Cash		
Cash on Hand and in Bank	$ 1,481,318	$ 1,481,318
Cash in Revolving Fund	40,000	40,000
Cash in County Treasury (Net of deficit cash of $119,403)	45,898,149	45,986,420
Cash with Fiscal Agent		
Short-Term Government Treasury Money Market Fund	5,513,644	5,513,644
Treasury Obligation Bonds	16,041,283	16,041,283
Total Cash	68,974,394	69,062,665
Investments		
Government Bonds	1,641,432	1,641,432
Local Agency Investment Fund	669,274	669,579
Total Cash and Investments	$ 71,285,100	$ 71,373,676

A. Cash

Cash in Banks and in Revolving Fund

Cash balances in banks and revolving funds are insured up to $100,000 by the Federal Deposit Insurance Corporation (FDIC). These amounts are held within various financial institutions. As of June 30, 2007, the carrying amount of the District's accounts was $1,481,318, of which $696,920 was not collateralized or insured with securities held by the pledging financial institution in the District's name as discussed in the following:

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District name.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

A. Cash (Concluded)

Cash in Banks and in Revolving Fund (Concluded)

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the District cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to $100,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

The District follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash with the County Treasury as part of the common investment pool, which totaled $45,986,420 (net of deficit cash of $119,403 in Building Fund) as of June 30, 2007. The fair market value of this pool as of that date, as provided by the pool sponsor, was $45,898,149. The District is considered to be an involuntary participant in the external investment pool. Interest is deposited into participating funds. The county is restricted by *Government Code* Section 53635, pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Cash with Fiscal Agent

Cash with Fiscal Agent represents amounts on deposit with the Bank of New York for payment of Certificates of Participation. The Fiscal Agent invested the cash in short-term Government Treasury Money Market Fund and Treasury Obligation Bonds.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

B. Investments

The District is authorized by State statutes to invest in the following:

- State Local Agency Investment Fund (LAIF)
- Securities issued or guaranteed by the Federal Government or its agencies
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statues, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

C. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2007:

Governmental Activities	Fiduciary Funds Statement of Net Assets	Total
$67,863,342	$3,510,334	$373,676

D. Risk Disclosures

Custodial Credit Risk - This is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District has not adopted a deposit policy for custodial credit risk. As of June 30, 2007, $696,919 of the $1,481,343 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$696,919

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy required that at least 30% of the District's investment portfolio mature in less than one year. Additional limitations are that the average maturity of the investment portfolio will not exceed three years, and no investment will have a maturity of more than five years from its date of purchase.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

D. Risk Disclosures (Concluded)

At June 30, 2007, the District had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years) Less than 1	1 to 2	2 to 3	3 or more
County Treasury	$ 46,108,222	$ 41,036,318	$ 3,212,870	$ 1,835,926	
Cash with Fiscal Agent					
Treasury Money Market Fund	5,513,644	5,513,644			
Treasury Obligation Bonds	16,041,283	11,302,439	4,738,844		
Government Bonds	1,641,432				$ 1,641,432
Local Agency Investment Fund	669,274	621,756	28,779	6,023	12,716
Total	$ 69,973,855	$ 58,474,157	$ 7,980,493	$ 1,841,949	$ 1,654,148

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organization (NRSRO's). It is in the District's policy to limit its investments in these investment types to the top rating issued by NRSRO's, including raters Standard & Poor's, and Moody's Investors Services. At June 30, 2007, the District credit risks are as follows:

Credit Quality Distributions for Securities with Credit Exposure

Investment Type	Moody's Credit Rating	S & P's Rating
Cash in County Treasury	Not Rated	Not Rated
Cash in Fiscal Agent		
Short-Term Government Treasury Money Market Fund	AAA	AAA
Treasury Obligation Bonds	AAA	AAA
Investments		
Local Agency Investment Fund	Not Rated	Not Rated
Government Bonds	Not Rated	Not Rated

NOTE 2 - CASH AND INVESTMENTS (CONCLUDED)

E. Investments in Local Agency Investment Funds

The District's investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, at June 30, 2007, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2007, the District has $669,579 invested in LAIF, which had invested 3.466% of the pool investment funds in Structured Notes and Asset-Backed Securities. The District valued its investments in LAIF as of June 30, 2007, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.999545022.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds are as follows:

Appropriations Category	Excess Expenditures
General Fund	
Certificated Salaries	$ 481,199
Other Outgo	75,389
Services and Other Operating Expenditures	178,812
Debt Service	449,233
Transfers Out	6,821,884
Adult Education Fund	
Other Outgo	19,270
County School Facilities Fund	
Capital Outlay	22,903
Capital Projects Fund for Blended Components Unit	
Contract Services	436
Transfers Out	9,630

The District incurred unanticipated expenditures in excess of appropriations in the above expenditure classification for which the budget was not revised.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2007 consist of the following:

	General Fund	County School Facilities Fund	Other Governmental Funds	Total
Federal Government				
Categorical Aid Program	$ 1,287,859		$ 634,708	$ 1,922,567
State Government				
Categorical Aid Programs	2,150,506		34,334	2,184,840
Lottery	650,840			650,840
Other	13,312			13,312
Revenue Limit	5,504,070		18,180	5,522,250
Total State Government	8,318,728		52,514	8,371,242
Local Government	31,703			31,703
Interest	8,697		17	8,714
Miscellaneous	631,349	$ 13,546	421,810	1,066,705
Total Accounts Receivable	$ 10,278,336	$ 13,546	$ 1,109,049	$ 11,400,931

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental are netted as part of the reconciliation to the government-wide financial statements.

NOTE 5 - INTERFUND TRANSACTIONS (CONCLUDED)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2006-2007 fiscal year were as follows:

Transfer from General Fund to the Deferred Maintenance Fund to match current State funding.	$ 444,255
Transfer from the General Fund to the Cafeteria Fund for the Supplemental Grant. The instructions from the State and County require the funds be deposited into the General Fund and then transferred to the Cafeteria Fund.	411,940
Transfer from the General Fund to the Building Fund to meet expenditures.	6,821,884
Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects to match current State funding.	2,000,000
Transfer from the General Fund to the Retiree Benefit Fund to cover future retirement benefits.	2,000,000
Transfer from the Building Fund to the Deferred Maintenance Fund to match current State funding.	241,436
Transfer from the Building Fund to the Special Reserve Fund for Capital Outlay Projects to match current State funding.	854,940
Transfer from the Capital Projects Fund for Blended Components to the Building Fund to meet expenditures.	1,365,066
Transfer from the County Schools Facilities Fund to the Capital Facilities Fund to match current State funding.	32,084
Transfer from the Capital Facilities Fund to the Building Fund to provide resources for the transfer to the Deferred Maintenance Fund.	241,436
	$ 14,413,041

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2007, is shown below:

	(Restated) Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Capital assets, not being depreciated				
Land	$ 26,673,506			$ 26,673,506
Work in progress	4,940,121	$ 30,655,982		35,596,103
Total capital assets, not being depreciated	31,613,627	30,655,982		62,269,609
Capital assets being depreciated				
Buildings	184,591,304	11,750		184,603,054
Improvements of sites	43,983,192	30,637		44,013,829
Equipment	9,394,984	509,724	$ 268,739	9,635,969
Total capital assets, being depreciated	237,969,480	552,111	268,739	238,252,852
Less accumulated depreciation for				
Buildings	60,630,257	3,717,438		64,347,695
Improvements of sites	26,329,335	1,372,398		27,701,733
Equipment	5,075,271	559,574	(214,331)	5,420,514
Total accumulated depreciation	92,034,863	5,649,410	(214,331)	97,469,942
Total capital assets, being depreciated, net	145,934,617	(5,097,299)	483,070	140,782,910
Governmental activities capital assets, net	$ 177,548,244	$ 25,558,683	$ 483,070	$ 203,052,519

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described at Note 12, the District has entered into various agreements with certain eligible employees, which require no further services to be performed. The agreement provisions are dependent upon the employee classification at time of retirement, generally as follows:

Classified Employees - Annual District maximum contribution is $9,000 for employees and dependents, retiring after reaching age fifty (50). The employee must have been employed by the District for ten (10) consecutive years. Benefit payments will continue until the employee reaches age sixty-five (65) or is eligible for Medicare, whichever occurs first.

Management/Certificated/Supervisory Employees - District will provide the same fully paid health, prescription, dental and vision insurance for employees and dependents after reaching age fifty (50) as are available to active employees. Payments will continue until the employee is age sixty-five (65) or is eligible for Medicare, whichever occurs first.

NOTE 7 - OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)

As of June 30, 2007, the District is providing retiree health benefits for 216 former employees. The District's policy is to pay the benefits as a cash outlay after retirement (the pay-as-you-go-method) rather than recording the cost and accumulating reserves as the benefits are earned by the active employee. During the year ended June 30, 2007 expenditures of $1,606,457 were recognized for postretirement health care.

In 2004-05, the District engaged an independent firm to perform an actuarial valuation of the retiree healthcare plan as of January 1, 2006. The actuarial report presented actuarial liabilities, for current and future retirees as of January 1, 2005, of $23,625,741 and $6,503,959, respectively.

The GASB Statement No. 43 "Financial Reporting for Postemployment Benefit Plans Other Than Pension" and Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension" will require the District to adopt accrual accounting standards to record these liabilities in 2007-08 fiscal year.

NOTE 8 - CERTIFICATES OF PARTICIPATION

A. During the fiscal year ended June 30, 1997, the Contra Costa School Financing Authority issued $10,946,483 of Certificates of Participation with interest rates from 4.4% to 6.25% to provide funds for the advance refunding of certificates of participation issued in 1994, 1995 and 1996 and to provide funds for various capital projects. Proceeds were deposited into an escrow account to provide for the advance refunding of the earlier issuances. While the prior certificates will not be redeemed until the original redemption dates, pursuant to the escrow agreement, all outstanding prior certificates were deemed discharged upon the issuance of the 1997 certificates and the deposit with the escrow bank, which will be adequate to purchase federal securities, the interest on and principal of which when paid, will be sufficient to provide for the advance refunding at no further cost to the District. The certificates included $6,845,000 current interest certificates and $4,101,483 capital appreciation certificates. The 1997 certificates are to be paid off with funds from the 2007 certificates.

B. During the fiscal year ended June 30, 2000, the District issued through the California School Boards Association Finance Corporation $6,610,000 of Certificates of Participation with an interest rate of 5.14% to provide funds for various capital projects. Proceeds were deposited in Trust with New York Bank, Western Trust Division. The 2000 certificates are to be paid off with funds from the 2007 certificates.

NOTE 8 - CERTIFICATES OF PARTICIPATION (CONCLUDED)

C. During the fiscal year ended June 30, 2007, the Alameda-Contra Costa School Financing Authority issued $24,465,000 of Certificates of Participation with interest rates from 4% to 4.5% to provide funds for the advance refunding of certificates of participation issued in 1997 and 2000 and to provide funds for various capital projects. A portion of the proceeds were deposited into an escrow account to provide for the advance refunding of the earlier issuances. Another portion of the proceeds were deposited into a trust account with The Bank of New York Trust Company, to provide for the various capital projects.

D. The District's future obligations for the Certificates are as follows:

Year Ended June 30	Principal	Interest	Total
2008	$ 13,206,482	$ 1,125,497	$ 14,331,979
2009	770,000	974,179	1,744,179
2010	805,000	942,679	1,747,679
2011	835,000	909,878	1,744,878
2012	900,000	875,178	1,775,178
2013-2017	5,125,000	3,791,990	8,916,990
2018-2022	4,530,000	2,750,330	7,280,330
2023-2027	4,715,000	1,846,456	6,561,456
2028-2032	3,310,000	801,003	4,111,003
2033-2037	2,495,000	296,890	2,791,890
Totals	$ 36,691,482	$ 14,314,080	$ 51,005,562

E. Accreted Interest

The liabilities for 1997 capital appreciation certificates accreted interest is as follows:

July 1, 2006 Beginning Balance	Addition	Deduction	June 30, 2007 Ending Balance
$3,230,635	$ 451,809	$ -	$3,682,444

NOTE 9 - CAPITAL LEASE OBLIGATIONS

The District leases seven school buses ($525,808), has a master equipment lease ($302,981) under agreements and has a loan on a relocatable child care facility ($92,113), which provide for title to pass upon expiration of the lease period.

NOTE 9 – CAPITAL LEASE OBLIGATIONS (CONCLUDED)

Future minimum lease payments are as follows:

Year Ending June 30	Lease Payment
2008	$ 163,026
2009	163,026
2010	163,027
2011	15,352
2012	15,352
Total	519,783
Less amounts representing interest	29,087
Present value of net minimum lease payments	$ 490,696

The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

NOTE 10 – LEASE REVENUE BONDS

The outstanding 1992 Series B Revenue Bonds of the Antioch Unified School District at June 30, 2007, is:

Date of Issue	Yield Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2006	Redeemed Current Year	Outstanding June 30, 2007
1992	7.3%	2007	$713,390	$119,676	$61,501	$58,175

The annual requirements to amortize revenue bonds payable, outstanding as of June 30, 2007, are as follows:

Year Ended June 30	Principal	Interest	Total
2008	$ 58,175	$ 111,825	$ 170,000

NOTE 11 - LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2007, is as follows:

	Restated - Note 16) Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Due Within One Year
Compensated Absences	$ 943,743		$ 30,101	$ 913,642	$ 913,642
Lease Revenue Bonds	119,676		61,501	58,175	58,175
Certificates of Participation	16,453,763	$ 24,910,164	990,000	40,373,927	16,888,927
Capital Lease Obligations	542,757	92,113	144,173	490,697	148,647
Totals	$ 18,059,939	$ 25,002,277	$ 1,225,775	$ 41,836,441	$ 18,009,391

The compensated absences, lease revenue bonds and the certificates of participation will be paid from the General Fund. The capital lease obligations were paid through the Capital Projects Fund for Blended Components Unit and the General Fund.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

A. State Teachers' Retirement System (STRS)

Plan Description. The Antioch Unified School District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy. Active plan members are required to contribute 8.0% of their salary and the Antioch Unified School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2006-2007 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Antioch Unified School District's contributions to STRS for the fiscal year ending June 30, 2007, 2006, and 2005 were $6,134,517, $5,643,986 and $5,325,557, respectively, and equal 100% of the required contributions for each year.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

B. California Public Employees Retirement System (CalPERS)

Plan Description. The Antioch Unified School District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy. Active plan members are required to contribute 7.0% of their salary and the Antioch Unified School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2006-2007 was 9.124% of annual payroll. The contribution requirements of the plan members are established by State statute. The Antioch Unified School District's contributions to CalPERS for the fiscal year ending June 30, 2007, 2006 and 2005 were $1,794,115, $1,523,859 and $1,595,457, respectively and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security.

D. On Behalf Payment

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS and contributions to PERS for the year ended June 30, 2007. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures, however, guidance received from the California Department of Education advises local education agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

NOTE 13 - CHARTER SCHOOL

The District sponsors a Charter School, the Learner-Centered Charter School that reports its activity independent of the District. The Charter School did not have general long-term debt outstanding as of June 30, 2007. The Charter School's unaudited financial statements presented total assets, liabilities and fund balances of $738,174, $135,782 and $602,392, respectively, as of June 30, 2007. The District expects to receive an independent audit report from the Charter School by December 15, 2007.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

C. Joint Ventures

The District participates in five joint ventures under joint powers agreements (JPAs): (1) the Schools Excess Liability Fund (SELF) and (2) Northern California Regional Excess Liability Fund (RELIEF) for Excess Property and Liability Insurance (3) the Contra Costa County Schools Insurance Group, (CCCSIG) for Workers Compensation Insurance and (4) the East Bay School Insurance Group (EBSIG) for property and liability insurance. The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting.

The JPAs arrange for and/or provide coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in each JPA.

NOTE 15 - STUDENT BODY FUNDS

The Student Body Funds often engage in activities, which involve cash transactions. These transactions are not subject to adequate internal control prior to deposits being recorded in the bank accounts. It has been determined on a cost benefit basis that providing increased internal control in this area does not justify the additional costs that would be necessary to control receipts prior to the point of deposit.

NOTE 16 - DEFICIT CASH BALANCE

The Building Fund had a deficit cash balance of $119,403 at June 30, 2007. It is expected that the deficit will be eliminated during 2007-08 by the collection of the accounts receivable June 30 balances.

The County allows individual funds within a District to operate with a deficit cash balance as long as the District as a whole operates with a positive cash balance. The District is charged interest by the County on such negative balances.

NOTE 17 – RESTATEMENT OF FUND BALANCE AND NET ASSETS

A. The amount reported of June 30, 2006 fund balance for the Capital Projects Fund for Blended Component Units has been restated to correct for the understatement of Cash in County Treasury at June 30, 2006. The effect of this restatement is as follows:

Fund Balance, June 30, 2006 as originally reported	$ 0
Understatement of Cash in County Treasury	633,646
Net Adjustments	633,646
Fund Balance, June 30, 2006 as restated	$ 633,646

B. The amounts previously reported as net assets at June 30, 2006 on the Government-Wide Statement of Net Assets has been restated due to the understatement of Cash in County Treasury and Capital Assets. The effect of this restatement is as follows:

	Government-Wide Financial Statements
Net Assets, June 30, 2006 as originally reported	$ 207,267,646
Understatement of Cash in County Treasury	633,646
Understatement of Buildings	87,798
Understatement of Improvements of Sites	350,664
Understatement of Equipment	1,555,673
Overstatement of Accumulated Depreciation - Buildings	2,311
Understatement of Accumulated Depreciation - Improvement Sites	(2,070)
Understatement of Accumulated Depreciation - Equipment	(378,473)
Total Adjustments	2,249,549
Net Assets, as restated June 30, 2006	$ 209,517,195

REQUIRED SUPPLEMENTARY INFORMATION SECTION

ANTIOCH UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive-(Negative)
REVENUES				
Revenue Limit Sources:				
State Apportionments	$ 75,540,386	$ 74,457,497	$ 74,317,539	$ (139,958)
Local Sources	34,789,480	36,219,100	36,219,101	1
Total Revenue Limit	110,329,866	110,676,597	110,536,640	(139,957)
Federal Revenue	8,224,011	7,036,417	7,035,702	(715)
Other State Revenue	16,103,063	29,140,520	24,400,380	(4,740,140)
Other Local Revenue	7,775,079	10,045,633	11,504,365	1,458,732
Total Revenues	142,432,019	156,899,167	153,477,087	(3,422,080)
EXPENDITURES				
Certificated Salaries	72,042,874	74,344,326	74,825,525	(481,199)
Classified Salaries	18,950,820	20,207,242	20,133,973	73,269
Employee Benefits	25,445,340	27,432,064	26,877,369	554,695
Books and Supplies	9,861,603	8,455,215	5,913,891	2,541,324
Services and Other Operating Expenditures	13,836,817	14,660,922	14,839,734	(178,812)
Capital Outlay	444,810	742,478	690,830	51,648
Debt Service:				
Principal Retirement		1,051,501	1,046,233	5,268
Interest and Fiscal Charges		542,565	991,798	(449,233)
Other Outgo	1,791,532	503,252	578,641	(75,389)
Total Expenditures	142,373,796	147,939,565	145,897,994	2,041,571
Excess of Revenues Over (Under) Expenditures	58,223	8,959,602	7,579,093	(1,380,509)
Other Financing Sources (Uses):				
Operating Transfers Out	(856,195)	(4,856,195)	(11,678,079)	(6,821,884)
Other Sources		160,380	24,465,000	24,304,620
Total Other Financing Sources (Uses)	(856,195)	(4,695,815)	12,786,921	17,482,736
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(797,972)	4,263,787	20,366,014	16,102,227
Fund Balances - July 1, 2006	17,914,229	22,058,458	22,058,458	0
Fund Balances - June 30, 2007	$ 17,116,257	$ 26,322,245	$ 42,424,472	$ 16,102,227

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

SUPPLEMENTARY INFORMATION SECTION

ANTIOCH UNIFIED SCHOOL DISTRICT

ORGANIZATION/BOARD/ADMINISTRATION

JUNE 30, 2007

ORGANIZATION

The Antioch Unified School District was established on July 7, 1925 and is located in Contra Costa County. There was no change in District boundaries during the year. The District operates fourteen elementary schools, four middle schools, four high schools, an independent study program, two continuation high schools and an adult education school.

BOARD OF EDUCATION

Name	Office	Term Expires
Gary Agopian	President	December, 2008
Clair Smith	Vice-President	December, 2008
Walters Ruehlig	Member	December, 2008
Joyce Seelinger	Member	December, 2010
Teri Lynn Shaw	Member	December, 2010

ADMINISTRATION

Dr. Deborah Sims
District Superintendent

Donna Becnel
Associate Superintendent – Personnel Services

Christine Hiroshima
Chief Academic Officer

Robert Bravo
Assistant Superintendent – Educational Services, Secondary

Sheri Gamba
Chief Business Official

Denise Porterfield
Director Fiscal Services

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Second Period Report	Annual Report
Elementary		
Kindergarten	1,267	1,275
First through Third	4,038	4,044
Fourth through Sixth	4,150	4,144
Seventh and Eighth	2,804	2,796
Home and Hospital	2	3
Opportunity Schools	11	14
Special Education	456	461
Extended Year Non-Public	17	17
Community Day School	10	11
Secondary		
Regular Classes	5,563	5,426
Continuation Education	308	297
Opportunity Schools	8	9
Home and Hospital	3	3
Special Education	273	274
Extended Year - Non-Public	21	21
Community Day School	24	23
Totals	18,955	18,818
Classes for Adults		
Concurrently Enrolled	29	35
Not Currently Enrolled	116	125
Independent Study	13	15
Totals	158	175

	Hours of Attendance
Supplemental Instructional Hours	
Elementary	132,990
High School	193,856
Totals	326,846

Average daily attendance is a measurement of the numbers of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to the school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

SEE NOTES TO SUPPLEMENTARY INFORMATION

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Grade Level	1986-87 Minutes Required	1982-83 Actual Minutes	2006-2007 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multi-Track Calendar	Status
Kindergarten	36,000	31,680	36,000	180	172	In Compliance
Grade 1	50,400	44,764	51,120	180	172	In Compliance
Grade 2	50,400	44,764	51,120	180	172	In Compliance
Grade 3	50,400	44,764	51,120	180	172	In Compliance
Grade 4	54,000	52,106	54,220	180	172	In Compliance
Grade 5	54,000	52,106	54,220	180	172	In Compliance
Grade 6	54,000	56,290	57,800	180	172	In Compliance
Grade 7	54,000	56,290	57,800	180	172	In Compliance
Grade 8	54,000	56,290	57,800	180	172	In Compliance
Grade 9	64,800	56,664	65,340	180	172	In Compliance
Grade 10	64,800	56,664	65,340	180	172	In Compliance
Grade 11	64,800	56,664	65,340	180	172	In Compliance
Grade 12	64,800	56,664	65,340	180	172	In Compliance

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by *Education Code* Section 46201.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The Antioch Unified School District sponsors the Learner-Centered Charter School pursuant to Education Code Section 47605. The financial activities of the Learner-Centered Charter School are not presented in the financial statements.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXCESS SICK LEAVE

JUNE 30, 2007

This schedule indicates whether excess sick leave, as that term is defined in subdivision (c) of *California Education Code* Section 22170.5, is expressly authorized or is accrued for the District's employees who are members of the California State Teacher's Retirement System (CalSTRS).

The Antioch Unified School District does not provide more than twelve (12) sick leave days in a school year to any CalSTRS member.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Federal Catalog Number	Pass Through Entity Identifying Number	Program Expenditures
US Department of Agriculture			
Passed Through California			
Department of Education (CDE) :			
National School Lunch	10.555	13524	$ 2,714,974
School Breakfast Needy	10.553	13526	666,176
Meal Supplements	10.554	13524	39,603
Basic School Breakfast	10.553	13525	8,560
Miscellaneous Food Service	10.555	13523	73,666
Total US Department of Agriculture			3,502,979
US Department of Education			
Passed Through CDE:			
NCLB-Title I, Basic Grants	84.010	14329	2,067,351
NCLB-Title I, Part A, School Improvement (SAIT) Corrective Action Plans	84.010A	14579	114,269
NCLB-Title VI Innovative Ed Strategies	84.298A	14354	17,310
NCLB-Title III Immigrant Education	84.365	14346	1,610
NCLB-Title III LEP Limited English Proficiency	84.365	14346	156,048
NCLB-Title II Enhancing Education Through Technology, Formula Grants	84.318	14334	42,747
NCLB-Title II Enhancing Education Through Technology, Competitive Grants	84.318	14368	247,844
NCLB-Title II Part A Teacher Quality	84.367	14341	638,367
NCLB-Title IV Part B 21st Century Community Centers Learning Program	84.287	14681	237,118
NCLB-Title IV Drug Free Schools	84.186	14347	66,233
CAPA	84.369	14488	310
Vocational Programs: Voc & Applied Technology Secondary	84.048	13924	105,039
Special Ed: IDEA			
Local Staff Development	84.027A	13613	7,440
Preschool Grants, Part B, Sec 619	84.173	13430	103,665
Preschool Local Entitlement	84.027A	13682	208,746
Basic Local Assistance	84.027	13379	2,785,000
Adult Education: English Literacy & Civics Ed.	84.002A	14109	15,000
Adult Education: Adult Basic Education	84.002A	14508	24,750
Adult Secondary Education: Adult Secondary Education	84.002	13978	6,300
Adult Education: Vocational & Appl. Tech	84.048	13924	5,608
Total US Department of Education			6,850,755
US Department of Health Services			
Medi-Cal Billing	93.778	10013	236,605
Total Federal Programs			$ 10,590,339

SEE NOTES TO SUPPLEMENTARY INFORMATION

ANTIOCH UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUALS WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General Fund	Building Fund
June 30, 2007 Unaudited Actual Financial Report Fund Balance	$ 25,248,868	$ 3,091
Adjustments and Reclassification Increasing (Decreasing) the Fund Balance:		
Understatement of Cash with Fiscal Agent	15,534,172	5,372,819
Understatement of Investments	1,641,432	
Overstatement of Accounts Receivable		(127,054)
Net Adjustments and Reclassification	17,175,604	5,245,765
June 30, 2007 Audited Financial Statements Fund Balance	$ 42,424,472	$ 5,248,856

Auditor's Comments

The audited financial statements of all other funds were in agreement with the Unaudited Actuals for the year ended June 30, 2007.

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budget 2007-2008	2006-2007	2005-2006	2004-2005
General Fund				
Revenues and Other Financial Sources	$ 146,974,305	$ 177,942,087	$ 140,756,656	$ 133,845,076
Expenditures	154,457,938	145,897,994	133,823,336	124,675,310
Other Uses and Transfers Out	856,195	11,678,079	856,195	391,085
Total Outgo	155,314,133	157,576,073	134,679,531	125,066,395
Change in Fund Balance (Deficit)	(8,339,828)	20,366,014	6,077,125	8,778,681
Ending Fund Balance	$ 34,188,644	$ 42,424,472	$ 22,058,458	$ 15,981,333
Available Reserves	$ 13,474,637	$ 9,474,171	$ 18,167,687	$ 10,392,910
Designated for Economic Uncertainties	$ 4,659,424	$ 4,506,234	$ 4,071,049	$ 3,961,149
Undesignated Fund Balance	$ 8,815,213	$ 4,967,937	$ 14,096,638	$ 6,431,761
Available Reserves as a Percentage of Total Outgo	8.7%	6.0%	13.5%	8.3%
Total Long-Term Debt (Excluding Other Post Employment Benefit Liabilities)	$ 23,827,050	$ 41,836,441	$ 18,059,850	$ 19,094,920
Average Daily Attendance at P-2 (Exclusive of Adult ADA)	18,953	18,955	19,433	19,948

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

The general fund balance has increased by $35,221,820 over the past three years in part due to the sale of certificates of participation. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo). Average daily attendance has decreased by 993 during the past two years. Total general long-term debt has increased $22,741,521 during the past two years due to sale of certificates of participation.

The amounts reported as Budgeted 2007-2008 are representations made by the District and have not been audited. The amounts are included for analytical purposes to improve the evaluation and reporting of the going concern status of the District.

The 2007-2008 ADA amount used for budgeting is based on the 2006-2007 actual ADA. The District is currently in declining enrollment and the budget is based on the prior year ADA.

ANTIOCH UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2007

	Adult Education	Cafeteria	Deferred Maintenance	Building
ASSETS				
Cash in County Treasury	$ 214,064	$ 719,526	$ 1,122,185	
Cash on Hand and in Bank		5,000		
Cash in Revolving Fund		20,000		
Cash with Fiscal Agent				$ 5,372,819
Investments				1,300
Accounts Receivable	35,669	673,454		145,019
Stores Inventory		108,214		
Total Assets	$ 249,733	$ 1,526,194	$ 1,122,185	$ 5,519,138
LIABILITIES AND FUND BALANCES				
Liabilities:				
Deficit Cash Balance				$ 119,403
Accounts Payable	$ 49,680	$ 288,396	$ 155,697	150,879
Total Liabilities	49,680	288,396	155,697	270,282
Fund Balances:				
Legally Restricted	200,053			
Reserved		128,214		
Unreserved				
Designated				5,248,856
Undesignated		1,109,584	966,488	
Total Fund Balances	200,053	1,237,798	966,488	5,248,856
Total Liabilities and Fund Balances	$ 249,733	$ 1,526,194	$ 1,122,185	$ 5,519,138

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Capital Facilities	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Totals
$ 1,057,127	$ 2,854,940	$ 973,879	$ 6,941,721
			5,000
			20,000
			5,372,819
			1,300
		254,907	1,109,049
			108,214
$ 1,057,127	$ 2,854,940	$ 1,228,786	$ 13,558,103
			$ 119,403
$ 25,002		$ 145,439	815,093
25,002		145,439	934,496
			200,053
			128,214
1,032,125	$ 2,854,940	1,083,347	10,219,268
			2,076,072
1,032,125	2,854,940	1,083,347	12,623,607
$ 1,057,127	$ 2,854,940	$ 1,228,786	$ 13,558,103

ANTIOCH UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Adult Education	Cafeteria	Deferred Maintenance	Building
REVENUES				
Revenue Limit Sources:				
State Apportionment	$ 456,018			
Federal Sources:				
Child Nutrition Program		$ 3,502,979		
Other	51,658			
Other State Sources:				
State Nutrition Program		319,148		
Other	120,032		$ 813,194	
Other Local Sources:				
Food Service Sales		2,415,042		
Interest	11,201	19,935	54,593	$ 3,467
Other	5,818		65,039	
Total Revenues	644,727	6,257,104	932,826	3,467
EXPENDITURES				
Certificated Salaries	293,180			
Classified Salaries	131,974	2,516,189	13,534	
Employee Benefits	96,203	800,719	2,056	
Books and Supplies	58,217	2,803,343	350,678	401,953
Services and Other Operating Expenditures	9,667	118,200	1,866,390	16,891
Capital Outlay	13,012	66,084	566,611	2,520,840
Debt Service:				
Principal Retirement				
Interest and Fiscal Charges				
Other Outgo	19,270	216,546		
Total Expenditures	621,523	6,521,081	2,799,269	2,939,684
Excess of Revenues Over (Under) Expenditures	23,204	(263,977)	(1,866,443)	(2,936,217)
Other Financing Sources (Uses):				
Operating Transfers In		411,940	685,691	8,428,386
Operating Transfers Out				(1,096,376)
Total Other Financing Sources (Uses)	0	411,940	685,691	7,332,010
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	23,204	147,963	(1,180,752)	4,395,793
Fund Balances - July 1, 2006	176,849	1,089,835	2,147,240	853,063
Fund Balances - June 30, 2007	$ 200,053	$ 1,237,798	$ 966,488	$ 5,248,856

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Capital Facilities	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Totals
			$ 456,018
			3,502,979
			51,658
			319,148
			933,226
			2,415,042
$ 35,975		$ 50,140	175,311
1,064,020		1,861,788	2,996,665
1,099,995		1,911,928	10,850,047
			293,180
			2,661,697
			898,978
2,126			3,616,317
164,000		14,609	2,189,757
33,506			3,200,053
15,352		72,588	87,940
		9,964	9,964
			235,816
214,984		97,161	13,193,702
885,011		1,814,767	(2,343,655)
32,084	$ 2,854,940		12,413,041
(241,436)		(1,365,066)	(2,702,878)
(209,352)	2,854,940	(1,365,066)	9,710,163
675,659	2,854,940	449,701	7,366,508
356,466		633,646	5,257,099
$ 1,032,125	$ 2,854,940	$ 1,083,347	$ 12,623,607

ANTIOCH UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS - STUDENT ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Beginning Balances	Additions	Deductions	Ending Balance
Belshaw Elementary School				
ASSETS				
Cash	$ 21,108	$ 1,297	$ 6,917	$ 15,488
LIABILITIES				
Due to Student Groups	$ 21,108	$ 1,297	$ 6,917	$ 15,488
Diablo Vista Elementary School				
ASSETS				
Cash	$ 13,953	$ 67,758	$ 65,162	$ 16,549
LIABILITIES				
Due to Student Groups	$ 13,953	$ 67,758	$ 65,162	$ 16,549
Fremont Elementary School				
ASSETS				
Cash	$ 8,785	$ 14,478	$ 10,710	$ 12,553
LIABILITIES				
Due to Student Groups	$ 8,785	$ 14,478	$ 10,710	$ 12,553
John Muir Elementary School				
ASSETS				
Cash	$ 11,296	$ 78,673	$ 78,804	$ 11,165
LIABILITIES				
Due to Student Groups	$ 11,296	$ 78,673	$ 78,804	$ 11,165
Grant Elementary School				
ASSETS				
Cash	$ 20,185	$ 23,038	$ 29,823	$ 13,400
LIABILITIES				
Due to Student Groups	$ 20,185	$ 23,038	$ 29,823	$ 13,400
Mission Elementary School				
ASSETS				
Cash	$ 28,065	$ 36,256	$ 25,953	$ 38,368
LIABILITIES				
Due to Student Groups	$ 28,065	$ 36,256	$ 25,953	$ 38,368
Kimball Elementary School				
ASSETS				
Cash	$ 27,082	$ 29,523	$ 20,935	$ 35,670
LIABILITIES				
Due to Student Groups	$ 27,082	$ 29,523	$ 20,935	$ 35,670

ANTIOCH UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS - STUDENT ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Beginning Balances	Additions	Deductions	Ending Balance
Marsh Elementary School				
ASSETS				
Cash	$ 16,391	$ 16,814	$ 17,173	$ 16,032
LIABILITIES				
Due to Student Groups	$ 16,391	$ 16,814	$ 17,173	$ 16,032
Jack London Elementary School				
ASSETS				
Cash	$ 36,674	$ 96,434	$ 99,959	$ 33,149
LIABILITIES				
Due to Student Groups	$ 36,674	$ 96,434	$ 99,959	$ 33,149
Lone Tree School				
ASSETS				
Cash	$ 14,585	$ 43,482	$ 39,902	$ 18,165
LIABILITIES				
Due to Student Groups	$ 14,585	$ 43,482	$ 39,902	$ 18,165
Sutter Elementary School				
ASSETS				
Cash	$ 52,019	$ 33,602	$ 36,476	$ 49,145
LIABILITIES				
Due to Student Groups	$ 52,019	$ 33,602	$ 36,476	$ 49,145
Turner School				
ASSETS				
Cash	$ 37,247	$ 27,026	$ 28,207	$ 36,066
LIABILITIES				
Due to Student Groups	$ 37,247	$ 27,026	$ 28,207	$ 36,066
Antioch Middle School				
ASSETS				
Cash	$ 27,304	$ 88,061	$ 94,273	$ 21,092
LIABILITIES				
Due to Student Groups	$ 27,304	$ 88,061	$ 94,273	$ 21,092

ANTIOCH UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS - STUDENT ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Beginning Balances	Additions	Deductions	Ending Balance
Antioch High School				
ASSETS				
Cash	$ 340,138	$ 1,431,382	$ 1,408,782	$ 362,738
LIABILITIES				
Due to Student Groups	$ 340,138	$ 1,431,382	$ 1,408,782	$ 362,738
Black Diamond Middle School				
ASSETS				
Cash	$ 50,672	$ 122,207	$ 108,678	$ 64,201
LIABILITIES				
Due to Student Groups	$ 50,672	$ 122,207	$ 108,678	$ 64,201
Dallas Ranch Middle School				
ASSETS				
Cash	$ 60,398	$ 214,223	$ 186,017	$ 88,604
LIABILITIES				
Due to Student Groups	$ 60,398	$ 214,223	$ 186,017	$ 88,604
Carmen Dragon Elementary School				
ASSETS				
Cash	$ 19,057	$ 65,604	$ 65,777	$ 18,884
LIABILITIES				
Due to Student Groups	$ 19,057	$ 65,604	$ 65,777	$ 18,884
Park Middle School				
ASSETS				
Cash	$ 81,678	$ 186,123	$ 184,262	$ 83,539
LIABILITIES				
Due to Student Groups	$ 81,678	$ 186,123	$ 184,262	$ 83,539
DBA Bidwell High School				
ASSETS				
Cash	$ 0	$ 703	$ 517	$ 186
LIABILITIES				
Due to Student Groups	$ 0	$ 703	$ 517	$ 186

ANTIOCH UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS - STUDENT ACTIVITIES (CONCLUDED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Beginning Balances	Additions	Deductions	Ending Balance
Live Oak High School				
ASSETS				
Cash	$ 3,719	$ 4,864	$ 6,663	$ 1,920
LIABILITIES				
Due to Student Groups	$ 3,719	$ 4,864	$ 6,663	$ 1,920
Prospect High School				
ASSETS				
Cash	$ 2,622	$ 2,732	$ 131	$ 5,223
LIABILITIES				
Due to Student Groups	$ 2,622	$ 2,732	$ 131	$ 5,223
Deer Valley High School				
ASSETS				
Cash	$ 490,435	$ 1,217,772	$ 1,174,026	$ 534,181
LIABILITIES				
Due to Student Groups	$ 490,435	$ 1,217,772	$ 1,174,026	$ 534,181
Total - All Agency Funds				
ASSETS				
Cash	$ 1,363,413	$ 3,802,052	$ 3,689,147	$ 1,476,318
LIABILITIES				
Due to Student Groups	$ 1,363,413	$ 3,802,052	$ 3,689,147	$ 1,476,318

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of the General Fund by object.

B. Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

C. Schedule of Instructional-Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time and number of days offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

D. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

E. Schedule of Excess Sick Leave

This schedule indicates whether excess sick leave, as that term is defined in subdivision (c) of California Education Code Section 22170.5, is expressly authorized or is accrued for the District's employees who are members of the California State Teacher's Retirement System (CalSTRS).

F. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. To comply with Circular A-133 requirements, this schedule was prepared for the District.

G. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

H. Schedule of Financial Trends and Analysis

This schedule is presented to improve the evaluation and reporting of the going concern status of the District.

I. Combining Statements and Individual Fund Schedules

Combining statements and individual fund schedules are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements and schedules present more detailed information about the financial position and financial activities of the District's individual funds.

OTHER INDEPENDENT AUDITORS REPORTS SECTION

GOODELL, PORTER & FREDERICKS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD J. GOODELL, CPA
JOHN L. GOODELL, CPA
VIRGINIA K. PORTER, CPA
BEVERLY A. SANCHEZ, CPA

REPORT ON STATE COMPLIANCE

Board of Education
Antioch Unified School District
Antioch, California

We have audited the accompanying financial statements of the governmental fund activities, each major fund and the aggregate remaining fund information of the Antioch Unified School District, as of and for the year ended June 30, 2007, and have issued our report thereon dated January 28, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Education Agencies 2006-07*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures in the Audit Guide	Procedures Performed
Attendance reporting	8	Yes
Kindergarten continuance	3	Yes
Independent study	23	Yes
Continuation education	10	Yes
Adult education	9	Yes
Regional Occupational Center/Programs	6	Not Applicable
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable

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Description	Procedures in the Audit Guide	Procedures Performed
Community Day Schools	9	No (see below)
Morgan-Hart Class Size Reduction Program	7	Not Applicable
Instructional Materials:		
General Requirements	12	Yes
K-8 only	1	Yes
Grades 9-12 only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Early Retirement Incentive Program	4	Not Applicable
GANN Limit calculation	1	Yes
School Construction Funds:		
School District Bonds	3	Not Applicable
State School Facilities Funds	1	Yes
Alternative Pension Plans	2	Not Applicable
Excess Sick Leave	2	Yes
Notice of Right to Elect California State Teachers Retirement System (CalSTRS) Membership	1	Yes
Proposition 20 Lottery Funds (Cardenas Textbook Act of 2000)	2	Yes
State Lottery Funds (California State Lottery Act of 1984)	2	Yes
California School Age Families Education (Cal-Safe) Program	3	Not Applicable
School Accountability Report Card	3	Yes
Class Size Reduction (Including Charter Schools):		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or Charter Schools with only one school serving K-3	4	Not Applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Not Applicable
Mode of Instruction, for charter schools	1	Not Applicable
Non Classroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instructional Minutes - Classroom Based	3	Not Applicable

Procedures were not performed for Community Day School attendance because the average daily attendance generated by the program was below the level required for testing.

Based on our audit, we found that, for the items tested, the Antioch Unified School District complied with the state laws and regulations referred to above, except as described in the findings and questioned costs section of this report. Further, based on the examination, for items not tested, nothing came to our attention to indicate that the Antioch Unified School District had not complied with the state laws and regulations.

Antioch Unified School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Antioch Unified School District's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the District Board, management, State Controller's Office, Department of Finance, Department of Education and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Goodell, Porter & Fredericks, LLP
GOODELL, PORTER & FREDERICKS, LLP
Certified Public Accountants

January 28, 2008

GOODELL, PORTER & FREDERICKS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD J. GOODELL, CPA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Antioch Unified School District
Antioch, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Antioch Unified School District as of and for the year ended June 30, 2007, which collectively comprise the Antioch Unified School District's basic financial statements and have issued our report thereon dated January 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Antioch Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Antioch Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Antioch Unified School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Antioch Unified School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Antioch Unified School District's financial statements that is more than inconsequential will not be prevented or detected by the Antioch Unified School District's internal control. We consider the deficiencies described as 2007-1, 2007-2 and 2007-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Antioch Unified School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Antioch Unified School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Antioch Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Antioch Unified School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District Board and management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

Goodell, Porter & Fredericks, LLP

GOODELL, PORTER & FREDERICKS, LLP
Certified Public Accountants

January 28, 2008

GOODELL, PORTER & FREDERICKS, LLP

CERTIFIED PUBLIC ACCOUNTANTS

RICHARD J. GOODELL, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Antioch Unified School District
Antioch, California

Compliance

We have audited the compliance of Antioch Unified School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Antioch Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Antioch Unified School District's management. Our responsibility is to express an opinion on Antioch Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Antioch Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides reasonable basis for our opinion. Our audit does not provide a legal determination of Antioch Unified School District's compliance with those requirements.

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In our opinion, Antioch Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Antioch Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Antioch Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Antioch Unified School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District Board and management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

Goodell, Porter & Fredericks, LLP
GOODELL, PORTER & FREDERICKS, LLP
Certified Public Accountants

January 28, 2008

FINDINGS AND QUESTIONED COSTS SECTION

ANTIOCH UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	_x_ No
Reporting condition(s) identified not considered to be material weaknesses?	_x_ Yes	___ None reported
Noncompliance material to financial statements noted?	___ Yes	_x_ No

Federal Awards

Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	_x_ No
Reporting condition(s) identified not considered to be material weaknesses?	___ Yes	_x_ None reported
Type of auditor's report issued on compliance for major programs	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133	___ Yes	_x_ No

Identification of major programs

CFDA Number	Name of Federal Program or Cluster
84.010A	NCLB – Title, I, Part A, Corrective Action
84.287	NCLB – Title IV, Part B, 21st Century Grant
84.367	NCLB - Title II Part A, Teacher Quality
84.010	NCLB – Title I Part A, Basic Grants Low-Income

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	_x_ Yes	___ No

State Awards

Internal control over state programs:		
Material weakness(es) identified?	___ Yes	_x_ No
Reporting conditions(s) identified not considered to be material weaknesses?	_x_ Yes	___ None reported
Type of auditor's report issued on compliance for state programs:	Qualified	

Section II - Financial Statements Findings

2007 - 1 - STUDENT BODY - CASH RECEIPTS - 30000

Specific Requirement That Was Not Complied With: Sound internal controls require that supporting documentation for cash receipts of student body be included with the deposit package.

Finding: During our testing of controls over cash receipts of student body account for Jack London Elementary School, Kimball Elementary School, Belshaw Elementary School, Park Middle School, Antioch Middle School, and Black Diamond Middle School, we noted that documentation of deposits are not always being pulled and included with the deposit package. All sites were either missing any type of documentation or only a partial amount of documentation.

Effect: Without the supporting documentation, it is not possible to verify that all cash and checks are deposited into the bank.

Recommendation: We recommend the sites retains supporting documentation for all amounts deposited. All supporting documentation should be attached to the related count sheet to provide an adequate audit trail.

District Response: The District agrees with this finding and has implemented training for all sites on proper internal control procedures for cash handling. In addition, a standard deposit envelope requiring the signature of the depositor and the signature of the employee depositing the cash has been sent to all sites in the District.

2007 - 2 - STUDENT BODY-CASH RECEIPTS-ANTIOCH HIGH SCHOOL- 30000

Specific Requirement That Was Not Complied With: Sound accounting policies require 1.) retention of adequate supporting documentation for student body deposits. 2.) cash receipt count sheets be prepared and signed by at least two individuals.

Finding: During our testing of controls over cash receipts for Antioch High School's student body account, we noted the following: 1.) in the sample, five out of the six were not supported by check remittances, copies of checks received, count sheet, or receipts supporting cash received. 2.) count sheets for deposits were routinely signed by only one person.

Effect: 1.) Without supporting documentation and proper verification, it is not possible to verify that all cash and checks are properly deposited into the bank. 2.) Controls may be circumvented if receipts are signed by only one person.

Section II - Financial Statements Findings (Concluded)

2007 - 2 - STUDENT BODY-CASH RECEIPTS-ANTIOCH HIGH SCHOOL- 30000 (CONCLUDED)

Recommendation: 1.) To strengthen internal controls over student body deposits, we recommend the site retains supporting documentation for all amounts deposited. All supporting documentation should be attached to the related deposit slip to provide an adequate audit trail. 2.) All count sheets for deposits be verified and signed by at least two unrelated authorized employees.

District Response: The District agrees with this finding and has implemented training for all sites on proper internal control procedures for cash handling. In addition, a standard deposit envelope requiring the signature of the depositor and the signature of the employee depositing the cash has been sent to all sites in the District.

2007 - 3 - FIXED ASSETS - 30000

Specific Requirement That Was Not Complied With: The implementation of GASB 34 required accounting changes to the manner in which purchases and deletions of capital assets are maintained by all governmental entities. The changes require that these entities maintain capital asset schedules, which account for all individual capitalizable assets and the accumulated depreciation associated with each asset.

Finding: During our audit procedures, we determined that the District did not account for fixed asset additions and deletions on a current basis during 2006-07 and that a physical inventory had not been performed during the year.

Effect: Lack of complete and current listings of all capital assets including work in progress and completed capital projects will lead to inaccurate capital asset records and potential loss of control over District assets.

Recommendation: We recommend the District establish a system that updates the capital asset listing as purchases or disposals are made. The additions and deletions should be reviewed regularly during the fiscal year to verify the accuracy of the results. The capital asset additions should be reconciled to expenditure information in the accounting system and corrections made to coding as needed. Additionally, a physical inventory of capital assets should be performed regularly and adjustments made to the listings as a result of the inventory.

District Response: The District agrees with this finding. The District has implemented a process for reconciling the Fixed Assets on a monthly basis. Meetings with the inventory vendor are being held as needed.

Section III - Federal Award Findings and Questioned Costs

No matters are reported

Section IV - State Award Findings and Questioned Costs

2007 - 4 - ATTENDANCE AT ANTIOCH HIGH SCHOOL- 10000

Specific Requirement That Was Not Complied With: California Education code requires accurate records by maintained for attendance, including absences.

Finding: During our testing of the attendance function at the Antioch High School, we found instances where the computer system did not recognize a student as absent for a day when the teacher rosters and the student period attendance report showed the student as absent. We expanded our sample of classes and found a total of twenty-four (24) instances between our original and expanded samples.

Amount of Questioned Costs and How Computed:

24	Instances
÷ 20	Days in period tested
1.2	Projected ADA
x 5,532.16	Revenue limit per ADA
$6,638.59	Questioned cost

Effect: The attendance at the Antioch High School is overstated by an estimated 1.2 ADA.

Recommendation: We recommend that the District investigate the reason that the software is not recognizing the students as absent when they have been marked as absent by all of their teachers. We also recommend that the District amend its P-2 report to correct the noted exceptions and clear any others that may have occurred.

District Response: The District agrees with this finding. Antioch High School has implemented a Master Schedule, which allows for the computer program to be used effectively for identifying all day absences and coding correctly as an all day absence. Training has been requested for the site personnel responsible for attendance. Auditing from the District office to ensure all day absences are being coded correctly will be implemented. An analysis of the 2006-07 Apportionment Period 2 report will be performed to determine if a revised report should be submitted to the State.

ANTIOCH UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2007

Findings/Recommendations	Current Status	Explanation if Not Fully Implemented
1. Procedures should be developed and followed which prevent student groups from exceeding available resources and encroaching on other group's monies. If funds are borrowed from the Associated Student Body it should be approved by the student body within the minutes of the student body meeting.	Accepted Implemented	
2. Deposits should be made at least weekly or more frequently if a large number of checks are received.	Accepted Implemented	
3. The District should establish a system that updates the capital asset listing as purchases or disposals are made. The additions and deletions should be reviewed regularly during the fiscal year to verify the accuracy of the results. The capital asset additions should be reconciled to expenditure information in the accounting system and corrections made to coding as needed. Additionally, a physical inventory of capital assets should be performed regularly and adjustments made to the listings as a result of the inventory.	Accepted Partially Implemented	See current finding at 2007 -3
4. The District should reconcile summary reports used to report average daily attendance to detailed attendance reports before the period two report of attendance is submitted to the state.	Accepted Implemented	

ANTIOCH UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2007

Findings/Recommendations	Current Status	Explanation if Not Fully Implemented
5. The District should maintain complete and accurate information regarding kindergarten continuation forms.	Accepted Implemented	

APPENDIX B

PROPOSED FORM OF LEGAL OPINION

December 30, 2008

Board of Trustees
Antioch Unified School District
510 G Street
Antioch, California 94509

OPINION: $9,340,000 Antioch Unified School District General Obligation Bonds (School Facilities Improvement District No. 1), Election of 2008, Series A

Members of the Board of Trustees:

We have acted as bond counsel to the Antioch Unified School District (the "District") in connection with the issuance by the District of its $9,340,000 principal amount of School Facilities Improvement District No. 1 of Antioch Unified School District General Obligation Bonds, 2008 Election, Series A (the "Bonds"), pursuant to Chapters 1, 1.5 and 2 of Part 10 of Division 1 of Title 1 of the California Education Code (the "Act"), a resolution of the Board of Trustees (the "Board") adopted November 12, 2008, and a resolution adopted by the Board of Supervisors of Contra Costa County adopted December 9, 2008 (together, the "Resolution"). School Facilities Improvement District No. 1 of the Antioch Unified School District (the "Improvement District") was created by the District on December 12, 2007, pursuant to Education Code Sections 15320 through 15327.

We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Resolution and in the certified proceedings and other certifications furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing unified school district with the power to issue the Bonds and to perform its obligations under the Resolution and the Bonds.

2. The Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District enforceable upon the District.

3. Pursuant to the Act, the Resolution creates a valid lien on funds pledged by the Resolution for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the District, and are valid and binding general obligations of the District with respect to the Improvement District, and the Board of Supervisors of Contra Costa County, California is required under the Act to levy an ad valorem tax upon the property in the Improvement District, to be collected by Contra Costa County, without regard to rate or amount, for the payment of principal of and interest on the Bonds.

5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), and, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest payable on the Bonds. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 Code which must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted in the Bond Resolution and in other instruments relating to the Bonds to comply with each of such requirements; and the District has full legal authority to make and comply with such covenants. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX C

FORM OF

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Antioch Unified School District (the "Issuer") in connection with the issuance of $9,340,000 Antioch Unified School District General Obligation Bonds (School Facilities District No. 1), Election of 2008, Series A, dated the date hereof (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District adopted November 12, 2008, and a resolution of the Board of Supervisors of Contra Costa County adopted on December 9, 2008 (together, the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is 9 months after the end of the Issuer's fiscal year (currently April 1, based on the Issuer's fiscal year end of June 30).

"*Dissemination Agent*" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" shall mean Stone & Youngberg LLC.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2009, with the report for the 2007-2008 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriter; *provided, however,* that the Annual Report due April 1, 2009, shall consist solely of a copy of the Official Statement and the District's audited financial statement for the 2007-2008 Fiscal Year, and shall be filed with each nationally recognized municipal securities information repository and state repository designated as such by the Securities and Exchange Commission for purposes of the Rule, and otherwise in accordance with then-applicable procedures prescribed under the Rule. Not later than fifteen (15) Business Days prior to the Annual Report Date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Issuer does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Report Date, the Issuer shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Trustee and the Participating Underwriter. If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall, by written direction, cause the Dissemination Agent to provide to (i) each National Repository or the Municipal Securities Rulemaking Board and (ii) each appropriate State Repository a notice, in substantially the form attached as Exhibit A. In lieu of filing the notice with each Repository, the Issuer or the Dissemination Agent may file such notice with the CPO.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer, with a copy to the Participating Underwriter, certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Issuer for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) the Issuer's adopted Budget.

(ii) Assessed value of taxable property in the jurisdiction of the Issuer as shown on the recent equalized assessment role;

(iii) Changes, if any, in the operation of Contra Costa County's Teeter Plan affecting the Issuer;

(iv) Changes, if any, in the operation of Contra Costa County Investment Pool which would affect the Issuer's access to property taxes used to pay debt service on the Bonds;

(v) Property tax collection delinquencies for the Issuer, for the most recently completed Fiscal Year, if the Issuer is no longer a participant in Contra Costa County's Teeter Plan; and

(vi) Top ten property owners in the jurisdiction of the Issuer for the then current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value, and their percentage of total secured assessed value.

(vii) In addition to any of the information expressly required to be provided under paragraphs (a) through (g) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Adverse tax opinions or events affecting the tax-exempt status of the security.

(7) Modifications to rights of security holders.
(8) Contingent or unscheduled bond calls.
(9) Defeasance.
(10) Release, substitution, or sale of property securing repayment of the securities.
(11) Rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Issuer shall, or cause the Dissemination Agent (if not the Issuer) to, promptly file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, with a copy to the Trustee and the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of the Trustee or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Filings with Central Post Office. Any filing of an Annual Report under Section 3(a), a notice of failure to file an Annual Report under Section 3(b), or a notice of the occurrence of a Listed Event under Section 5(c), may be made solely by transmitting such filing to the Central Post Office maintained by the Texas Municipal Advisory Council, through its Internet-based filing system currently located at www.DisclosureUSA.org, unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the Texas Municipal Advisory Council dated September 7, 2004.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December 30, 2008

ANTIOCH UNIFIED SCHOOL DISTRICT

By: ______________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Antioch Unified School District
Name of Bond Issue:	$9,340,000 Antioch Unified School District (Contra Costa County, California) General Obligation Bonds (School Facilities District No. 1), Election of 2008, Series A
Date of Issuance:	December 30, 2008

NOTICE IS HEREBY that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 8 of a Resolution adopted November 12, 2008. The Issuer anticipates that the Annual Report will be filed by ____________.

Dated:______________________________

ANTIOCH UNIFIED SCHOOL DISTRICT

By_________________________________

APPENDIX D

EXCERPTS FROM THE
CONTRA COSTA COUNTY INVESTMENT PORTFOLIO REPORT

CONTRA COSTA COUNTY

TREASURER'S QUARTERLY INVESTMENT REPORT

AS OF SEPTEMBER 30, 2008

TABLE OF CONTENTS

EXECUTIVE SUMMARY

- The Treasurer's investment portfolio is in compliance with Government Code 53600 et. seq. and other applicable sections.

- The Treasurer's investment portfolio is in compliance with the Treasurer's current investment policy.

- The Treasurer's investment portfolio has no securities lending, reverse repurchase agreements or derivatives.

- The total investment pool equaled **$1,658,884,187** on September 30, 2008. The fair value was **$1,658,589,572** which was 99.98% of cost.

- The weighted average maturity of the total investment pool was 130.35 days. More than 86 percent of the portfolio or over $1.438 billion will mature in less than a year. The County is able to meet its cash flow needs for six months.

- The Treasurer's Investment Report of June 30, 2008 was accepted by the Board of Supervisors on September 16, 2008.

CONTRA COSTA COUNTY INVESTMENT POOL SUMMARY
AS OF SEPTEMBER 30, 2008

TYPE	COST	PAR VALUE	FAIR VALUE	PORTFOLIO % OF COST
A. Investments Managed by Treasurer's Office				
1. U.S. Treasuries (STRIPS, Bills, Notes)	$26,190,749.21	$26,551,000.00	$27,462,254.71	1.58%
2. U.S. Agencies				
Federal Agriculture	9,286,956.95	9,013,000.00	9,258,855.94	0.57%
Federal Farm Credit Banks	25,577,148.20	25,711,000.00	25,837,472.52	1.54%
Federal Home Loan Banks	172,979,002.41	172,259,000.00	173,326,935.19	10.43%
Federal National Mortgage Association	61,624,707.93	61,581,000.00	62,065,348.78	3.71%
Federal Home Loan Mortgage Corporation	26,073,959.02	25,631,620.66	26,149,612.74	1.57%
Municipal Bonds	2,705,093.89	2,700,000.00	2,704,005.00	0.16%
Subtotal	298,246,868.40	296,895,620.66	299,342,230.17	17.98%
3. Money Market Instruments				
Repurchase Agreement	220,219,000.00	220,219,000.00	220,219,000.00	13.28%
Bankers Acceptance	14,815,125.00	15,000,000.00	14,922,666.67	0.89%
Commercial Paper	157,636,795.83	157,777,000.00	157,763,125.00	9.50%
Negotiable Certificates of Deposit	78,140,433.33	78,000,000.00	77,802,070.29	4.71%
Corporate Notes	41,747,404.18	40,986,000.00	39,135,505.72	2.52%
Time Deposit	3,076.96	3,076.96	3,076.96	0.00%
Subtotal	512,561,835.30	511,985,076.96	509,845,444.64	30.90%
TOTAL	836,999,452.91	835,431,697.62	836,649,929.52	50.46%
B. Investments Managed by Outside Contractors				
1. Local Agency Investment Fund	392,725,179.56	392,725,179.56	392,386,531.07	23.67%
2. Other				
a. Redevelopment Agency	28,891.37	28,891.37	29,014.36	0.00%
b. Other	628,309.44	628,309.44	628,309.44	0.04%
c. Wells Fargo Asset Management (324-131235)	45,330,369.00	45,330,369.00	45,175,509.27	2.73%
d. Columbia Management Group (Bank of America)	38,956,348.00	38,956,348.00	39,010,308.00	2.35%
e. Caltrust	44,462,520.17	44,462,520.17	44,296,449.90	2.68%
f. Guaranteed Investment Contract	191,467,838.45	191,467,838.45	192,128,242.56	11.54%
Subtotal	320,874,276.43	320,874,276.43	321,267,833.53	19.34%
TOTAL	713,599,455.99	713,599,455.99	713,654,364.60	43.01%
C. Cash	108,285,277.92	108,285,277.92	108,285,277.92	6.53%
GRAND TOTAL (FOR A , B, & C)	$1,658,884,186.82	$1,657,316,431.53	$1,658,589,572.04	100%

NOTES TO INVESTMENT PORTFOLIO SUMMARY

AS OF SEPTEMBER 30, 2008

1. All report information is unaudited but due diligence was utilized in its preparation.

2. There may be slight differences between the portfolio summary page and the attached exhibits and statements for investments managed by outside contractors or trustees. The variance is due to the timing difference in recording transactions accomplished by contracted parties during interim periods and later transmitted to the appropriate county agency and/or the Treasurer's Office. In general, the Treasurer's records reflect booked costs at the beginning of a period.

3. Unsettled trades

APPENDIX E

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

ASSURED GUARANTY®
ENDURING FINANCIAL STRENGTH

Financial Guaranty Insurance Policy

Issuer: **Policy No.:**

Obligations: **Premium:**

Effective Date:

Assured Guaranty Corp., a Maryland corporation ("**Assured Guaranty**"), in consideration of the payment of the Premium and on the terms and subject to the conditions of this Policy (which includes each endorsement hereto), hereby unconditionally and irrevocably agrees to pay to the trustee (the "**Trustee**") or the paying agent (the "**Paying Agent**") for the Obligations (as set forth in the documentation providing for the issuance of and securing the Obligations) for the benefit of the Holders that portion of the Insured Payments which shall become Due for Payment but shall be unpaid by reason of Nonpayment.

Assured Guaranty will make such Insured Payments to the Trustee or the Paying Agent on the later to occur of (i) the date applicable principal or interest becomes Due for Payment, or (ii) the Business Day next following the day on which Assured Guaranty shall have Received a completed Notice of Nonpayment. If a Notice of Nonpayment by Assured Guaranty is incomplete or does not in any instance conform to the terms and conditions of this Policy, it shall be deemed not Received, and Assured Guaranty shall promptly give notice to the Trustee or the Paying Agent. Upon receipt of such notice, the Trustee or the Paying Agent may submit an amended Notice of Nonpayment. The Trustee or the Paying Agent will disburse the Insured Payments to the Holders only upon receipt by the Trustee or the Paying Agent, in form reasonably satisfactory to it of (i) evidence of the Holder's right to receive such payments, and (ii) evidence, including without limitation any appropriate instruments of assignment, that all of the Holder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Assured Guaranty. Upon and to the extent of such disbursement, Assured Guaranty shall become the Holder of the Obligations, any appurtenant coupon thereto and right to receipt of payment of principal thereof or interest thereon, and shall be fully subrogated to all of the Holder's right, title and interest thereunder, including without limitation the right to receive payments in respect of the Obligations. Payment by Assured Guaranty to the Trustee or the Paying Agent for the benefit of the Holders shall discharge the obligation of Assured Guaranty under this Policy to the extent of such payment.

This Policy is non-cancelable by Assured Guaranty for any reason. The Premium on this Policy is not refundable for any reason. This Policy does not insure against loss of any prepayment premium or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Assured Guaranty, nor against any risk other than Nonpayment.

Except to the extent expressly modified by any endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "**Avoided Payment**" means any amount previously distributed to a Holder in respect of any Insured Payment by or on behalf of the Issuer, which amount has been recovered from such Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction that such payment constitutes an avoidable preference with respect to such Holder. "**Business Day**" means any day other than (i) a Saturday or Sunday, (ii) any day on which the offices of the Trustee, the Paying Agent or Assured Guaranty are closed, or (iii) any day on which banking institutions are authorized or required by law, executive order or governmental decree to be closed in the City of New York or in the State of Maryland. "**Due for Payment**" means (i) when referring to the principal of an Obligation, the stated maturity date thereof, or the date on which such Obligation shall have been duly called for mandatory sinking fund redemption, and does not refer to any earlier date on which payment is due by reason of a call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless Assured Guaranty in its sole discretion elects to make any principal payment, in whole or in part, on such earlier date) and (ii) when referring to interest on an Obligation, the stated date for payment of such interest. "**Holder**" means, in respect of any Obligation, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Obligation to payment of principal or interest thereunder, except that Holder shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Obligations. "**Insured Payments**" means that portion of the principal of and interest on the Obligations that shall become Due for Payment but shall be unpaid by reason of Nonpayment. Insured Payments shall not include any additional amounts owing by the Issuer solely as a result of the failure by the Trustee or the Paying Agent to pay such amount when due and payable, including without limitation any such additional amounts as may be attributable to penalties or to interest accruing at a default rate, to amounts payable in respect of indemnification, or to any other additional amounts payable by the Trustee or the Paying Agent by reason of such failure. "**Nonpayment**" means, in respect of an Obligation, the failure of the Issuer to have provided sufficient funds to the Trustee or the Paying Agent for payment in full of all principal and interest Due for Payment on such Obligation. It is further understood that the term "Nonpayment" in respect of an Obligation includes any Avoided Payment. "**Receipt**" or "**Received**" means actual receipt or notice of or, if notice is given by overnight or other delivery service, or by certified or registered United States mail, by a delivery receipt signed by a person authorized to accept delivery on behalf of the person to whom the notice was given. Notices to Assured Guaranty may be mailed by registered mail or personally delivered or telecopied to it at 1325 Avenue of the Americas, New York, New York 10019, Telephone Number: (212) 974-0100, Facsimile Number: (212) 581-3268, Attention: Risk Management Department - Public Finance Surveillance, with a copy to the General Counsel, or to such other address as shall be specified by Assured Guaranty to the Trustee or the Paying Agent in writing. A Notice of Nonpayment will be deemed to be Received by Assured Guaranty on a given Business Day if it is Received prior to 12:00 noon (New York City time) on such Business Day; otherwise it will be deemed Received on the next Business Day. "**Term**" means the period from and including the Effective Date until the earlier of (i) the maturity date for the Obligations, or (ii) the date on which the Issuer has made all payments required to be made on the Obligations.

At any time during the Term of this Policy, Assured Guaranty may appoint a fiscal agent (the "**Fiscal Agent**") for purposes of this Policy by written notice to the Trustee or the Paying Agent, specifying the name and notice address of such Fiscal Agent. From and after the date of Receipt of such notice by the Trustee or the Paying Agent, copies of all notices and documents required to be delivered to Assured Guaranty pursuant to this Policy shall be delivered simultaneously to the Fiscal Agent and to Assured Guaranty. All payments required to be made by Assured Guaranty under this Policy may be made directly by Assured Guaranty or by the Fiscal Agent on behalf of Assured Guaranty. The Fiscal Agent is the agent of Assured Guaranty only, and the Fiscal Agent shall in no event be liable to the Trustee or the Paying Agent for any acts of the Fiscal Agent or any failure of Assured Guaranty to deposit, or cause to be deposited, sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Assured Guaranty hereby waives, in each case for the benefit of the Holders only, all rights and defenses of any kind (including, without limitation, the defense of fraud in the inducement or in fact or any other circumstance that would have the effect of discharging a surety, guarantor or any other person in law or in equity) that may be available to Assured Guaranty to deny or avoid payment of its obligations under this Policy in accordance with the express provisions hereof. Nothing in this paragraph will be construed (i) to waive, limit or otherwise impair, and Assured Guaranty expressly reserves, Assured Guaranty's rights and remedies, including, without limitation, its right to assert any claim or to pursue recoveries (based on contractual rights, securities law violations, fraud or other causes of action) against any person or entity, in each case, whether directly or acquired as a subrogee, assignee or otherwise, subsequent to making any payment to the Trustee or the Paying Agent, in accordance with the express provisions hereof, and/or (ii) to require payment by Assured Guaranty of any amounts that have been previously paid or that are not otherwise due in accordance with the express provisions of this Policy.

This Policy (which includes each endorsement hereto) sets forth in full the undertaking of Assured Guaranty with respect to the subject matter hereof, and may not be modified, altered or affected by any other agreement or instrument, including, without limitation, any modification thereto or amendment thereof. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. This Policy will be governed by, and shall be construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, Assured Guaranty has caused this Policy to be affixed with its corporate seal, to be signed by its duly authorized officer, and to become effective and binding upon Assured Guaranty by virtue of such signature.

ASSURED GUARANTY CORP.

(SEAL)

By:____________________________
[Insert Authorized Signatory Name]
[Insert Authorized Signatory Title]

Signature attested to by:

____
Counsel